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COUNTRY PROGRAMME: MONGOLIA

This document consists of:

- Country Programme Evaluation Sheet (prepared by the Fund Secretariat)
- Comments and Recommendations of the Fund Secretariat
- Transmittal Letter from the Government of Mongolia
- Country Programme Cover Sheet
- Country Programme (Executive Summary)

MONGOLIA COUNTRY PROGRAMME EVALUATION SHEET

Status of ratification of the Vienna Convention and the Montreal Protocol

| | Signature | Ratification | Entry into force |
|-----------------------------|------------------|---------------------|-------------------------|
| Vienna Convention (1985) | | 07-Mar-96 | 05-Jun-96 |
| Montreal Protocol (1987) | | 07-Mar-96 | 05-Jun-96 |
| London Amendment (1990) | | 07-Mar-96 | 05-Jun-96 |
| Copenhagen Amendment (1992) | | 07-Mar-96 | 05-Jun-96 |

Production of controlled substances: No controlled substances produced

Consumption of controlled substances (1998) 21.4 metric tonnes
21.0 weighted tonnes (ODP)

| (tonnes) | CFC-11 | CFC-12 | CFC-113 | CFC-114 | CFC-115 | TOTAL | Halon121 | Halon130 | TOTAL | CTC | MCF | TOTAL | Me-Br |
|----------|--------|--------|---------|---------|---------|-------|----------|----------|-------|-----|-----|-------|-------|
| ODS | | 19.6 | 1.8 | | | 21.4 | | | | | | | |
| ODP | | 19.6 | 1.4 | | | 21.0 | | | | | | | |

Distribution of ODP by substance: CFC 100.0% Halon CTC and MCF MeBr

Distribution of ODP by sector: Aerosol Foam Halon Refrigeration Solvent MeBr Other

| | | | | | | | |
|---------------------------|-----|-----|-----|-------|------|-----|-----|
| Consumption (ODP tonnes): | 0.0 | 0.0 | 0.0 | 19.6 | 1.4 | 0.0 | 0.0 |
| Percent of total: | | | | 93.3% | 6.7% | | |

Country Programme

Duration of country programme: 3 years (1999-2002)

ODS phase out target: 50% reduction in the consumption of CFCs by 2005;
85% reduction by 2007 and complete phase out by 2010

Phase out priority area: Refrigeration servicing sector

Cost of activities in country programme: \$1,417,700

Strategy:

The Government is committed to follow the schedule for phasing out substances specified under Paragraph 1 Article 5 of the Montreal Protocol and to ratify the 1997 Montreal Amendments, to set up a system of quotas and licensing imports, control and ratify overall phasing out of ODS; encourage and support national companies in their efforts to introduce ODS free refrigeration equipment; implement actions to enhance knowledge and public awareness of ODS; establish an economic incentives mechanism for tax exemption for promoting supply of ODS free refrigeration equipment.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

COMMENTS

1. The total ODS consumption in the country in 1998 was estimated at 21 ODP tonnes, mainly CFC-12 used for servicing refrigeration equipment and MAC units (19.6 tonnes) and 1.4 ODP tonnes of CFC-113 in the solvent sector. There is no consumption of other controlled substances in the country. The annual calculated level of Annex A substances consumption for the period 1995-1997, the baseline for determination of Mongolia's compliance with the Montreal Protocol, is 10.6 tonnes.
2. Refrigeration equipment comprises over 171,000 domestic refrigerators and freezers, which are serviced once every five years; and about 2,190 commercial and industrial refrigeration units installed in hospitals, hotels and industrial enterprises. Of a total of 72,000 vehicles registered in the country, 9,350 have MAC units.
3. There are 37 refrigeration service and repair workshops (27 located in the central region, 6 in the western and 4 in the eastern regions). The largest number of services of domestic refrigerators (over 90,000) occur in the capital city, Ulaanbaatar.
4. The country programme indicates that due to the sharp decline in supply of ODS and the geographical location of Mongolia, CFC phase-out in the refrigeration sector will require retrofitting of equipment, in addition to a recovery and recycling programme.
5. In 1995 the Government enacted the Regulation on Protection from Toxic Chemicals. A list and national code of ODS permitted to be exported and imported have jointly been issued by the Ministries of Nature and Environment and of Health and Social Security (information on ODS imports registered by the customs office shall be submitted eventually to the Ministry of Nature and Environment and of Health and Social Security).
6. The country programme includes a project for the establishment of an Ozone Office within the Ministry of Nature and the Environment (institutional strengthening). The Government of Mongolia is requesting a total of US \$99,600 for the implementation of this project. The Fund Secretariat's comments and recommendations on this request are presented under UNEP work programme amendments (UNEP/OzL.Pro/ExCom/28/21).
7. The country programme also includes a request in the amount of US \$30,000 for the preparation of a refrigerant management plan. In the light of Decision 22/24 of the Executive Committee, by which UNEP was requested to adjust country programmes presently under preparation to accommodate the requirements of the draft guidelines for refrigerant management plans, this request is not eligible. UNEP agreed to withdraw the request and to submit a RMP project for Mongolia to a future meeting of the Executive Committee at no cost to the Multilateral Fund.

RECOMMENDATIONS

The Fund Secretariat recommends as follows:

1. To approve the Mongolia Country Programme. Approval of the Country Programme does not denote approval of the projects identified therein or their funding levels.

2. To request the Government of Mongolia to present annually information to the Executive Committee on progress being made in the implementation of the country programme, in accordance with the decision of the Executive Committee on implementation of country programmes (UNEP/OzL.Pro/ExCom/10/40, para 135). Using the approved format, the initial report, covering the period 16 July 1999 to 31 December 2000, should be submitted to the Fund Secretariat no later than 1 May 2001.

Country Programme Cover Sheet

Country: **Mongolia**

Lead National Agency: **Ministry of Nature and Environment
National Ozone Authority**

Lead Implementation Agency : **UNEP**

Period Covered by Country Programme: **1999-2002**

1. Phase Out Schedule

| SUBSTANCES | CURRENT CONSUMPTION IN 1998, ODP TONS | PLANNED TOTAL CONSUMPTION TILL PHASE-OUT, ODP TONS | PLANNED YEAR OF PHASE OUT |
|------------------------------|---------------------------------------|----------------------------------------------------|---------------------------|
| Annex A & B | | | |
| CFC 11 | | | |
| CFC 12 | 18.9 | | 2008 |
| CFC 113 | 1.4 | | |
| Annex C | | | |
| HCFC 22 | 0.22 | | As per MP |
| Annex E | | | |
| Total Annex A & B | 21.0 | 123 | |
| Total | 20.52 | 123 | |

2. Government Action Plan

| Designation of action | 1999-2000 | 2001-2005 | 2006-2010 |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------|
| Set up a National Ozone Authority within the structure of the MNE | -arrange and regulate the implementation of the Country Programme; -control the performance of the Country Programme, projects and management plan in the refrigeration sector; -comply with the requirements set out in the Vienna Convention, the Montreal Protocol and their Amendments; -prepare proposals on other necessary projects to be submitted to competent organisations and develop them; -enhance public knowledge of ODS related issues. | monitor reports and statements to be presented to UNEP and other organisations | continue activities |
| Issue law on ozone layer protection and | -formulate a draft law and present for approval to the Parliament of Mongolia -take actions to ensure the enforcement | introduce new legal and regulatory system | |

| | | | |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| ODS monitoring and modify and amend the corresponding laws | of the law -make amendments to the statutes of the Ministries of Nature and Environment, Health and Social Security, State Customs and Statistical organisations concerning their responsibilities | | |
| Ratify the Montreal Amendments to the Protocol of October 1997 and the Kyoto Protocol of December 1997 | -take actions to facilitate the approval of the resolution on ratifying the Amendments by the Parliament of Mongolia -provide necessary preparations for ratification of the Amendments to the Protocols -make amendments and alteration to respective laws | meet the obligations stipulated under the Amendments | |
| Found an association of ODS importers and users | Set up an association and register its members | -Regularly hold meetings of the association -analyse ODS imports and usage, take steps to implement its policy -cooperate with Governmental organisations in meeting some of the obligations | continue activities |
| Set up a licensing system | -formulate the basis for licensing -introduce a system of licensing ODS importers, users and refrigeration companies -adopt and use a labelling system | Strengthen the licensing system's capability | |
| Set up a system of ODS quotas and financial and economic incentives | -establish quotas of ODS imports and usage levels -set up system of incentives such as tax exemption, tax cuts for ODS substitutes and technologies | continue the activities | |
| Establish a system of monitoring | -Establish monitoring system for ODS imports and consumption at the customs and statistical bureau -promote the utilisation of the national ODS code -impose taxes on ODS based equipment -ensure local governmental authorities are responsible for regulating and monitoring ODS use on their territorial units | -monitor the performance of the licensing and quota systems -restrict and ban imports of ODS based equipment | |
| Phaseout in the Refrigeration sector | -Develop a Refrigeration Management Plan -identify companies that require retrofitting and develop projects accordingly -develop training projects for customs | Implement the Refrigeration Management Plan | |

| | | | |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| | officials and technicians | | |
| Training of Customs officers | -organise training of customs officers on control of ODS imports and ODS based equipment -organise training in monitoring the licensing system | -monitor the performance and provide follow-up training | |
| Training of Refrigeration technicians | -maintain updated registration system -develop training Programmes in recycling and recovery -demonstrate recovery/recycling procedures and apply R&R Programmes | -monitor the performance and provide follow-up training | |
| Actions to enhance public awareness | -arrange through mass media actions designed to raise public awareness with respect to the ozone layer protection, ODS and substitutes -take steps to enhance general public knowledge of the laws on protection of the ozone layer and other relevant rules and regulations -arrange public discussions and talks shows concerning Country Programme and policies | -implement training seminars in cooperation with non-governmental organisations such as “Development & Environment”, Mongolian Association for Conservation Nature and the Environment, Greens Movement, Association of Meteorologists, Association of Chemists of Mongolia and private consulting companies. | |

3. Projects Submitted for Funding

| Nrs | Sector | Starting date | Type of Project | Total project cost (UDS) | Government Contribution | funding requested from MLF |
|--------------------|--------|---------------|---------------------------------------------------------------------------------------|--------------------------|-------------------------|----------------------------|
| 1 | All | 1999 | Institutional strengthening Set up a National Ozone Authority under the MNE | 125,600 | 26,000 | 99,600 |
| 2 | Ref. | 1999 | Formulation of a Refrigeration Management Plan | 30,000 | | 30,000 |
| Total costs | | | | 155,600 | 26,000 | 129,600 |

4. Costs (in USD)

| | |
|----------------------------------------------------------------------|-----------|
| Cost to the MF of Projects in the Country Programme | 129,600 |
| Estimated Cost of Complete ODS Phaseout | 1,417,700 |
| Estimated Cost Effectiveness of projects in Country Programme USD/kg | 6.1 |
| Estimated Cost Effectiveness for Complete Phaseout USD/kg | 66.9 |

Executive Summary

- Mongolia became a Party to the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer starting from July 7, 1996. The Law on ratification of the above two was enacted by the Parliament in October 1995.
- The Country Programme is directed at phasing out the consumption of ozone depleting substances (ODS) and to ensure the meeting of the country's commitments under the above protocol
- The Country Programme is to be presented for approval to the 28th meeting of the Executive Committee of the Multilateral Fund.
- Mongolia's severe climate, scattered population, and wide expanses of unproductive land, however, have constrained economic development. Economic activity traditionally has been based on agriculture and the breeding of livestock. In past years, extensive Soviet support was received (almost 30% of GDP) for economic growth but was withdrawn almost overnight in 1990-91. The Government of Mongolia has now adopted free-market economics, freezing spending, easing price controls, liberalising domestic and international trade.
- An inventory of ozone depleting substances was carried out in 1997 and updated in 1998. It was determined that 21.22 ODP tons of ODS were consumed in that year, 96.9% of which were used for the refrigeration and freezing equipment re-charging purposes.
- A draft Regulation of Mongolia concerning the ozone layer and the issue on ratification of the Montreal Amendment of October of 1997 will be formulated to be presented for consideration by Parliament.
- Under the current conditions when the country is undergoing a period of structural reforming of its economic and financial systems, the Government has to tackle issues of concern as the privatisation of state enterprises, real estate and land, incentives and support to key national enterprises capable to compete and survive, development of small and medium-sized enterprises, etc. Therefore, in restructuring and modernising the industries under the action plan, with introduction of new technologies, the Country Programme will be of supreme significance for diminishing the consumption of substances depleting the ozone layer, and, moreover, completely phasing them out by replacing by substitute substances.
- The Ministry of Nature and Environment, the National Statistics Board, the Customs Board and the National Ozone Authority will be responsible for the monitoring of the institutional strengthening and ozone issues and coordination of joint efforts and actions ensured.
- A system of quotas will be set up with regard to imports, distribution and consumption of ODS and a system for storing reliable data and information on ODS.
- The Government of Mongolia will require financial assistance for implementing projects detailed in this Country Programme
- Due to the sharp decline in supply of ODS and the unique geographical location of Mongolia, phase-out in the Refrigeration sector will require retrofitting of equipment, in addition to a Recovery and Recycling Programme and training of technicians. An Institutional Strengthening project and Training of customs officers are also required to ensure phase-out
- It is estimated that as a result of implementation of the projects, ODS consumption will be reduced by 87% or 10 tons by 2005. The use of the remaining 4.3 tons of ODS will be restricted by introducing new technologies and applying economic incentives methods in the business sphere. It is proposed that by 2010 consumption of the substances specified in Annexes A and C of the Montreal Protocol will have totally ceased.