



**United Nations
Environment
Programme**

Distr.
Limited

UNEP/OzL.Pro/ExCom/31/23
3 June 2000

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL

Thirty-first Meeting

Geneva, 5-7 July 2000

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral cooperation:

PROJECT TITLE	BILATERAL AGENCY
Project preparation/technical assistance in the halon sector in Algeria	Germany
Project preparation/technical assistance in the halon sector in Morocco	Germany
Conversion of Algeria Mousse Polyurethane (A.M.P.) in Algeria	Germany
Develop a strategy for the refrigeration servicing sector in China	Japan

1. A total of 4 requests totalling US \$1,046,290 for bilateral cooperation were submitted for consideration at 31st Meeting by German and Japanese 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 before the Executive Committee for its consideration.

Table 1

**VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY
BILATERAL AGENCY**

Bilateral Agency	Amount Requested	Number of Projects
Germany	US \$682,521	3
Japan	US \$350,000	1
TOTAL	US \$1,032,521	4

REQUESTS FROM THE GOVERNMENT OF GERMANY

Introduction

3. The Government of Germany submitted requests for bilateral cooperation for projects in Algeria and Morocco. The amount requested, plus the amount approved for Germany at the 30th Meeting, does not exceed 20 per cent of Germany's total contribution for the year 2000.

4. Table 2 presents a summary of Germany's requests by project title, country, amount requested, and amount recommended. The total amount recommended, once approved by the Executive Committee, should be offset against Germany's contributions for year 2000.

Table 2

SUBMISSIONS FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATIONS

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Project preparation/technical assistance in the halon sector in Algeria	Algeria	11,887	11,887
Project preparation/technical assistance in the halon sector in Morocco	Morocco	11,887	11,887
Conversion of Algeria Mousse Polyurethane (A.M.P.) in Algeria	Algeria	658,747	637,958
TOTAL		682,521	661,732

5. The Governments of Algeria and Morocco have requested GTZ to conduct preparatory activities for potential projects in the halon sector. The objective of these two requests is to undertake a comprehensive survey of the consumption of halon in Morocco, identify the users, and collect data about the stockpiles/installed capacities of the substance in the country. The project would provide the necessary information for determining the requirements of the country with respect to reclamation, recycling, and recovering facilities for halons, the need for a demonstration project, and the development of a halon bank. Germany is requesting US \$11,887 for each of these activities.

6. The Government of Germany is also requesting bilateral cooperation for a foam project in Algeria.

COMMENTS

7. The request for Morocco was submitted to the 30th Meeting of the Executive Committee but was subsequently withdrawn.

8. Project description as well as Secretariat comments and recommendations on the investment project from Algeria is attached.

RECOMMENDATION

9. The Fund Secretariat recommends blanket approval for these requests in US \$10,520 plus US \$1,367 for agency support costs, each for Algeria and Morocco to be credited against Germany's year 2000 contributions.

PROJECT EVALUATION SHEET
ALGERIA

SECTOR: Foam ODS use in sector (1999): 377 ODP tonnes

Sub-sector cost-effectiveness thresholds: Flexible US \$6.23/kg

Project Titles:

- (a) Conversion from CFC-11 to Liquid Carbon Dioxide technology in the manufacture of flexible foam at Algeria Mousse Polyurethane (A.M.P.)

Project Data	Flexible Slabstock
	Algeria Mousse Polyurethane
Enterprise consumption (ODP tonnes)	152
Project impact (ODP tonnes)	152
Project duration (months)	12
Initial amount requested (US \$)	596,861
Final project cost (US \$):	
Incremental capital cost (a)	654,187
Contingency cost (b)	60,306
Incremental operating cost (c)	(130,036)
Total project cost (a+b+c)	584,457
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	584,457
Cost effectiveness (US \$/kg.)	3.85
Counterpart funding confirmed?	N/A
National coordinating agency	Ministère de l'Environnement et de l'Aménagement du Territoire
Implementing agency	Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ)

Secretariat's Recommendations	
Amount recommended (US \$)	565,728
Project impact (ODP tonnes)	152
Cost effectiveness (US \$/kg)	3.72
Implementing agency support cost (US \$)	72,230
Total cost to Multilateral Fund (US \$)	637,958

PROJECT DESCRIPTION

Sector Background

- Latest available total ODS consumption (1999)	1,826.90 ODP tonnes
- Baseline consumption of Annex A Group I substances (CFCs)	3,805.30 ODP tonnes
- Consumption of Annex A Group I substances for the year 1999	1,502.20 ODP tonnes
- Baseline consumption of CFCs in foam sector	2,344.70 ODP tonnes
- Consumption of CFCs in foam sector in 1999	377.00 ODP tonnes
- Funds approved for investment projects in foam sector as of end of 1999	US \$9,404,521.00
- Quantity of CFC to be phased out in investment projects in foam sector as of end of 1999	1,621.65 ODP tonnes
- Quantity of CFC phased out in investment projects in foam sector as of end of 1999	1,095.39 ODP tonnes
- Quantity of CFC to be phased out in investment projects in foam sector approved in 1999	204.10 ODP tonnes
- Funds approved for investment projects in the foam sector in 1999	US \$1,356,089.00

*Based on data reported to the Fund Secretariat in April 2000

Flexible Slabstock

Algeria Mousse Polyurethane (A.M.P.)

10. Algeria Mousse Polyurethane uses 152 ODP tonnes of CFC-11 per year (1999) in the production of flexible polyurethane slabstock foam for mattresses and furniture. Under this project, the production is to be converted to liquid carbon dioxide technology. The project includes the retrofitting of the existing Maxfoam machine and the installation of supplementary equipment at a total cost of US \$654,187. This includes the cost of LCD system and ancillary equipment (US \$502,058), technology transfer, training, commissioning and trials (US \$101,000). There will be incremental operational savings of US \$131,036 calculated over four years.

Impact of the project

11. 152 tonnes CFC-11 will be phased out when the project is completed, amounting to 40.3% of Algeria's 1999 consumption of Annex A Group I substances.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

12. The Fund Secretariat and GTZ discussed the project and its costs, particularly with respect to some aspects of the calculation of incremental capital and operational costs. As a result of these discussions the following costs were agreed.

Incremental capital cost:	US \$695,764
Incremental operational cost/saving:	(US \$130,036)
Total project cost:	US \$565,728
Cost-effectiveness:	US \$3.72/kg

RECOMMENDATIONS

13. The Fund Secretariat recommends blanket approval of the A.M.P. project with the funding level and associated support cost indicated below.

14. The total grant of US \$637,958 (including support cost) is to be offset against the contribution of the Government of Germany to the Multilateral Fund for the year 2000.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Conversion from CFC-11 to Liquid Carbon Dioxide technology in the manufacture of flexible foam at Algeria Mousse Polyurethane (A.M.P.)	565,728	72,230	GTZ (Government of Germany)

REQUESTS FROM THE GOVERNMENT OF JAPAN

Introduction

15. The Government of Japan submitted a request for bilateral cooperation for a project to develop a strategy for the refrigeration servicing sector in China. The amount requested (US \$350,000) does not exceed 20 per cent of Japan's total contributions for the year 2000.

Project Description and Budget

16. About 16 per cent of the ODS consumption in China is for ODS as refrigerants. Despite reductions in ODS consumption from new manufacturing, the ODS in the servicing sector is expected to increase. The objective of this project is to develop a strategy for the refrigeration servicing sector in China to reduce the consumption of ODS to meet China's strategy and action plan stated in its updated country programme. The strategy would outline technical/policy options, institutional arrangements, training activities, public awareness, and a certification and accrediting programme. UNEP will implement the project with bilateral assistance from Japan.

17. The project includes the following components: a survey of ODS in the refrigeration servicing sector and an analysis of the trends for the next few years, an investigation of the refrigeration servicing industry structure (including the number of employees, workshops, professional staff, management and organisation system, etc.), an identification and review of previous work done in the sector, an identification of the technical options (good practices, recovery and recycling, and drop-in replacements), develop a training plan for servicing technicians, develop an overall government strategy, develop a system for identifying refrigerants in installed equipment (chemicals and blends), define an approach for institutional and organisational means to achieve ODS control in the servicing sector, and design a systemic policy framework of the refrigeration servicing sector. The project would be completed by December 2001.

18. The total budget for the project is US \$450,000 including US \$100,000 to be provided by the Government of China for the travel costs of Government Officials. The budget for the project includes the following items and related costs:

International and National Workshops	US \$80,000
International Consultants	US \$70,000
Communication, Reporting and Printing	US \$20,000
Local Consultants	US \$50,000
International and National Travel	US \$100,000
Chinese Government Officials Travel	US \$100,000
Contingency	US \$30,000
Total	US \$450,000
Total Bilateral Cooperation Amount	US \$350,000

COMMENTS

19. The Fund Secretariat reviewed the proposal in the light of approvals to-date for the refrigeration servicing sector in China and informed the Government of Japan of the results of the review and that the proposal would be considered by the Executive Committee pending a decision on RMPs for large volume consuming countries.

20. The Secretariat sought clarification of the following:

- a. The objectives of the workshops;
- b. The rationale and costs for the international consultants;
- c. Whether a survey of ODS use in refrigeration servicing sector was undertaken in updating China's country programme that was funded through UNDP in the amount of US \$225,000 and which was considered by the Executive Committee at its 30th Meeting; and,
- d. The eligibility of the costs for the identification of specific refrigerants bearing in mind that provision of information on existing technologies is part of the clearinghouse function of UNEP, which is the designated implementing agency for the proposed bilateral activity.

21. The Government of Japan provide the following clarifications:

- a. The main objective of the international workshops is to share experiences from outside of China, to obtain a common understanding of the strategy, and to receive feedback from international consultants on the strategy;
- b. The costs for international consultants include 30 man days for sector experts from each sub-sector (e.g. MACs, household refrigerators, industrial and commercial refrigeration, and chillers) and another 30 man days of consultancy for general policy development;
- c. A survey is needed because data for ODS refrigerant consumption should be divided into manufacturing and servicing, by sub-sector.
- d. The costs for the identification of specific refrigerants is intended to devise a system to distinguish what types of refrigerants are installed to avoid mistakes during servicing.

RECOMMENDATION

1. In making its recommendations to the Executive Committee, the Project Review Sub-Committee may wish to consider the bilateral request of Japan in the light of the above comments and the impending decision of the Executive Committee on RMPs for large volume consuming countries.
