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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-sixth Meeting
Montreal, 20-22 March 2002

BILATERAL COOPERATION

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

PROJECT TITLE	BILATERAL AGENCY
Regional strategy to comply with the Montreal Protocol in Pacific Island Countries	Australia
RMP project in Bolivia	Canada
Phase-out of ozone depleting substances – help in introduction of non ODS technologies in refrigeration and insulation in Albania	Czech Republic
Assistance in ozone depleting substance phase-out in Belarus	Czech Republic
Assistance to prepare an RMP update in Croatia	Sweden

1. A total of five requests totalling US \$808,310 for bilateral co-operation were submitted for consideration at the 36th Meeting by Australian, Canadian, Czech, 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	Amount Requested	Number of Projects
Australia	US \$311,880	1
Canada	US \$430,530	1
Czech Republic	US \$45,200	2
Sweden	US \$20,700	1
TOTAL	US \$808,310	5

REQUEST FROM THE GOVERNMENT OF AUSTRALIA

Introduction

PACIFIC ISLAND COUNTRIES: Regional strategy to comply with the Montreal Protocol (US\$788,700)

3. Table 2 presents a summary of Australia's request for bilateral co-operation for a project in the Pacific Island Countries. This request does not exceed 20 percent of Australia's contribution for 2002.

Table 2

SUBMISSION FROM THE GOVERNMENT OF AUSTRALIA AND RECOMMENDATION

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Regional strategy to comply with the Montreal Protocol	Pacific Island Countries	276,000	Pending
Agency Fee		35,880	
TOTAL		311,880	

Project summary

4. The Governments of Kiribati, Marshall Islands, Micronesia (Federated States of Micronesia), Palau, Solomon Islands, Tonga, Tuvalu and Vanuatu submitted a Regional Strategy to comply with the Montreal Protocol (PIC Strategy) at a total cost of US \$788,700, for the consideration of the Executive Committee at its 36th Meeting. The PIC Strategy was submitted as part of the UNEP 2002 Work Programme Amendments (UNEP/OzL.Pro/ExCom/36/19).

5. The PIC Strategy will be implemented jointly by the Government of Australia (US \$276,000 plus agency support costs) and UNEP (US \$512,700 plus agency support costs). Comments and recommendations by the Fund Secretariat could be found in document UNEP/OzL.Pro/ExCom/36/19.

Fund Secretariat's recommendation

6. Pending

**REQUEST FROM THE GOVERNMENT OF CANADA
PROJECT EVALUATION SHEET
BOLIVIA**

SECTOR: Refrigeration servicing ODS use in sector (2000): 67.6 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Titles:

- (a) Implementation of the RMP: assistance in preparation of regulations and technical norms
- (b) Implementation of the RMP: public awareness programme on issues related to the ozone layer
- (c) Implementation of the RMP: monitoring the activities in the RMP project
- (d) Implementation of the RMP: training programme for customs officers and technical staff in municipalities
- (e) Implementation of the RMP: training programme for refrigeration technicians
- (f) Implementation of the RMP: recovery and recycling programme and training programme in recovery and recycling operations

Project Data	Refrigerant management plan					
	(a)	(b)	(c)	(d)	(e)	(f)
Enterprise consumption (ODP tonnes)						
Project impact (ODP tonnes)						
Project duration (months)						
Initial amount requested (US \$)	18,000	63,000	71,800	127,200	101,000	316,000
Final project cost (US \$):						
Incremental capital cost (a)	13,000	52,000	57,000	48,000	55,000	292,000
Contingency cost (b)	0	0	0			
Incremental operating cost (c)						
Total project cost (a+b+c)	13,000	52,000	57,000	48,000	55,000	292,000
Local ownership (%)	100%	100%	100%	100%	100%	100%
Export component (%)	0%	0%	0%	0%	0%	0%
Amount requested (US \$)	13,000	52,000	57,000	48,000	55,000	292,000
Cost effectiveness (US \$/kg.)						
Counterpart funding confirmed?						
National coordinating agency	Comision Gubernamental del Ozono					
Implementing agency	Canada					

Secretariat's Recommendations	(a)	(b)	(c)	(d)	(e)	(f)
Amount recommended (US \$)	13,000	52,000	57,000	48,000	55,000	(*)
Project impact (ODP tonnes)						
Cost effectiveness (US \$/kg)						
Implementing agency support cost (US \$)	1,690	6,760	7,410	6,240	7,150	
Total cost to Multilateral Fund (US \$)	14,690	58,760	64,410	54,240	62,150	

(*) to be requested in 2003.

PROJECT DESCRIPTION

Implementation of the RMP: assistance in preparation of regulations and technical norms

Implementation of the RMP: public awareness programme on issues related to the ozone layer

Implementation of the RMP: monitoring the activities in the RMP project

Implementation of the RMP: training programme for customs officers and technical staff in municipalities

Implementation of the RMP: training programme for refrigeration technicians

Implementation of the RMP: recovery and recycling programme and training programme in recovery and recycling operations

Sector background

7. The CFC-12 consumption in Bolivia has decreased from 78.5 ODP tonnes in 1995 to 67.6 ODP tonnes in 2000. CFC-12 is used for servicing domestic refrigerators (25.6 ODP tonnes), industrial and commercial refrigeration equipment (8.4 ODP tonnes) and MAC units (33.6 ODP tonnes). A small amount of CFC-11 (0.1 ODP tonnes per year) is used for cleaning purposes.

8. According to the data gathered during the formulation of the RMP project, the number of refrigeration service technicians in the country is about 800 (50 per cent of which are in the formal sector). About 400 technicians are organised in six associations. The number of service workshops in the country is 180, located mainly in the three largest cities in the country.

9. The current price of CFC-12 in Bolivia is US \$4.94/kg, while the price of HFC-134a is US \$10.48/kg.

ODS regulations

10. The Government of Bolivia has issued several regulations regarding ODSs. In 1996, the Government issued a ministerial decree (No. 269/96) proposing the complete phase out of CFC-11 by 1998 and the complete phase out of CFC-12 and CFC-115 by 2000. In 1997, two ministerial decrees were issued, one (No. 088/97) banning import of CFC-based equipment and another (No. 097/97) creating a registry of manufacturers of refrigeration equipment and refrigeration service technicians.

11. With the co-operation of the National Customs and the Standardisation and Quality Bolivian Institute, the Ministerial Resolution N° 088/97 was put in place only at the beginning of 2000. In nearly two years since the regulation was adopted, no CFC-12 based equipment has been imported into Bolivia. A control procedure exists to detect any import of CFC-based equipment (when a company imports such equipment, it is obligated to re-export it and pay the expenses).

12. The preparation of the licensing system is on-going and the regulatory framework is expected to be finalised by the end of March 2002, approved by the end of April 2002 and enforced in June 2002. The licensing system will be the main control instrument; it will put in place a new phase-out schedule (to replace the Ministerial Resolution N° 269/96 of 25 November

1996), in co-ordination with the National Customs authority and ODS importers. Additional revision of existing and/or adoption of new legislation will take place during the current year.

13. The RMP project proposes to achieve an 85 per cent reduction in the consumption of CFCs used in the refrigeration-servicing sector by 2007.

Projects already approved in the refrigeration servicing sector

14. In October 1996, the Executive Committee approved, under UNDP's work programme, a national programme for recovery and recycling (R&R) of refrigerants where 13.8 ODP tonnes per annum of CFC-12 were estimated to be recovered and recycled. As reported by UNDP to the 34th Meeting of the Executive Committee, the equipment included in the project was distributed to technicians in August 2000 (50 recovery machines and three recycling machines distributed in the three largest cities in Bolivia) and CFCs recovery and recycling operations commenced shortly thereafter.

15. According to the Ozone Unit, the results of the R&R project to date are not satisfactory for the following reasons:

- (a) As the recovery machines cannot recycle, it is necessary to store, transport and process the recovered refrigerant in another place, where the recycling machine is installed.
- (b) The quantity of machines provided was too low (50 recovery machines and 3 recycling machines to a sector that includes 800 technicians in 180 workshops). Also technicians who have recovery equipment do not want to share it, for fear of the equipment being damaged.
- (c) The impact of R&R activities (in terms of CFCs to be recovered/recycled) was miscalculated. The average recovery rate of CFCs has been calculated at 2 kg/month per workshop.
- (d) Technicians, who do not have recovery equipment, do not feel that they are part of the project, and therefore, do not make any effort to improve its performance.

Sub-projects in the RMP

16. The action plan to achieve the objective of the RMP project consists of the following sub-projects:

- (a) Training programme for refrigeration service technicians (US \$101,000): to enhance the service skills of refrigeration technicians; and to increase awareness and knowledge among technicians on ozone-related issues and relevant ODS regulations in the country. It also includes the implementation of a certification scheme for the service technicians, with the departmental prefectures being responsible for certification.

- (b) Recovery and recycling network (US \$316,000): to set-up a recovery and recycling programme (complementary) consisting of 30 MAC recovery and recycling machines, 20 recovery machines for servicing commercial refrigeration equipment, 150 recovery pumps and ancillary equipment. A direct phase out of 14 ODP tonnes is estimated to be recovered on an annual basis. This project will start implementation in the year 2003.
- (c) Training programme for customs officers and other relevant Government officials (US \$127,200): to provide training to customs officers on ODS-related issues, including measures for identification and control of ODS and ODS-based equipment to ensure compliance with the Montreal Protocol. This activity includes a request for ODS identification kits.
- (d) Public awareness programme (US \$63,000): to increase awareness by the general public on ozone-related issues, to encourage use of non-ODS refrigerants, and to increase implementation of CFC phase-out programmes by the industry.
- (e) Assistance on drafting ODS-related regulations and providing legal advice to the Ozone Unit for the implementation of the RMP (US \$18,000).
- (f) Monitoring, evaluation and control of ODS consumption (US \$71,800), including the establishment of an information system.

17. The Ozone Unit, under the supervision of the Under-Ministry of Environment, Natural Resources and Forestry Development will co-ordinate the activities to be undertaken under the RMP project. The project components will be implemented with the assistance of the Government of Canada.

Fund Secretariat's comments

18. The Government of Bolivia submitted the RMP project proposal with an official letter stating that the RMP is based on a full survey of CFC consumption in all sub-sectors, and it contains the government's phase-out strategy which has been developed on the basis of this information. The RMP will ensure the achievement of at least the 50% reduction step in 2005 and the 85% reduction step in 2007 in the consumption of CFCs.

19. The Secretariat also inquired if the conditions for a successful implementation of recovery and recycling operations in Bolivia, such as legislation, training of service technicians, adequate price of CFC-12, have been met. The Government of Bolivia informed the Secretariat that the new regulations will allow the purchase of ODS (new or recycled) only to registered and certified technicians who have completed the training programme being developed by technical and qualified training institutes. Furthermore, implementation of the R&R project will only begin after the licensing system has been put into place, and R&R operations for stationary refrigeration equipment will commence once the price of CFC-12 is closer to the price of alternative refrigerants. Bolivia is also considering eliminating import taxes for the import of ecological products, including alternative CFC-refrigerants.

20. The Government of Bolivia also reviewed the impact (CFC to be phased out) that can be expected from the implementation of the RMP project. Providing appropriate advances on financial resources and the timely provision of the equipment, the RMP project could lead to the following phase out amounts:

RMP component	ODP tonnes phased out by 2005	ODP tonnes phased out by 2007
Good practices training and Operation	3	5
R&R training and operation	20	30
Customs officers training	8	12
Public awareness	7	10
Data collection, information system	2	3
Total reduction	40	60

21. The Fund Secretariat sought an explanation for the basis of the request for additional recovery and recycling equipment taking into consideration the level of CFC consumption and its sectoral distribution. The Government of Canada informed the Secretariat that the basis for the request for an additional 30 MAC recovery and recycling machines was that the MAC sector was not considered in the R&R project approved in 1996. The number of machines was estimated on the basis that a MAC machine could recover/recycle about one tonne of CFC-12 per year.

22. The Secretariat also pointed out that the total cost of the RMP project for Bolivia (US \$697,000 for new activities in the RMP proposal plus US \$146,000 for the recovery and recycling project approved at the 20th Meeting of the Executive Committee) was in excess of the funding allowed under Decision 31/48 (i.e. no more than 50% of the total funds approved for the original RMP project, or for a new RMP an increase of 50% of the total project cost compared to the level of funding typically approved). The Government of Canada agreed to adjust the funding level of the RMP (to US \$517,000, including US \$292,000 for the recovery and recycling programme and training programme in recovery and recycling operations).

23. The total cost of the RMP as agreed, exceeds 20 percent of Canada's contribution for 2002. Therefore, the Government of Canada will submit in 2003 a request for a recovery and recycling sub-component at the level of funding agreed (i.e., US \$292,000 plus US \$37,960 in agency support costs).

Fund Secretariat's recommendation

24. The Fund Secretariat recommends blanket approval of the following projects at the funding level indicated below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Implementation of the RMP: assistance in preparation of regulations and technical norms	13,000	1,690	Canada
(b)	Implementation of the RMP: public awareness programme on issues related to the ozone layer	52,000	6,760	Canada
(c)	Implementation of the RMP: monitoring the activities in the RMP project	57,000	7,410	Canada
(d)	Implementation of the RMP: training programme for customs officers and technical staff in municipalities	48,000	6,240	Canada
(e)	Implementation of the RMP: training programme for refrigeration technicians	55,000	7,150	Canada

25. The above-listed projects do not exceed 20 percent of Canada's contribution for 2002, and therefore, the Treasurer should offset these amounts against Canada's 2002 contribution to the Multilateral Fund, except for the recovery and recycling sub-project.

26. The Government of Canada should be requested to re-submit a request for funding the recovery and recycling programme and training programme in recovery and recycling operations, at the level of US \$292,000 plus US \$37,960 agency support costs, in 2003.

REQUESTS FROM THE GOVERNMENT OF CZECH REPUBLIC

Introduction

27. The Government of Czech Republic submitted requests for bilateral co-operation for projects in Albania and Belarus.

28. Table 3 presents a summary of Czech Republic requests by project title, country, amount requested, and amount recommended. The total amount requested does not exceed 20 percent of the Czech Republic's contribution for 2002.

Table 3

SUBMISSIONS FROM THE GOVERNMENT OF CZECH REPUBLIC AND RECOMMENDATIONS

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)	Agency Fee (US\$)
Phase-out of ozone depleting substances – help in introduction of non ODS technologies in refrigeration and insulation	Albania	20,000	Pending	2,600
Assistance in ozone depleting substance phase-out	Belarus	20,000	Withdrawn	2,600
Sub-total		40,000		
Agency Fee		5,200		
TOTAL		45,200	Pending	

ALBANIA: Elimination of CFC and HCFC substances use (US \$20,000)

Project summary

29. The project is to provide training for refrigeration companies, in terms of alternative technologies in order to develop ODS-free production in the country. The Czech Republic plans on using a Czech company to execute the project based on its practical experience in this region with refrigeration coldrooms for health care (storage of pharmaceuticals, blood plasma and foodstuffs).

Project objective

30. The project objective is to lend assistance to Albania by providing information and a demonstration on alternative technologies for refrigeration servicing personnel. The project would also provide technical support for potential domestic producers of rigid PU foam insulation.

Project description

31. The project duration is two years and consists of the following phases:
- Training of service personnel in the new trends in refrigeration and insulation techniques
 - Delivery of pilot/sample/ devices on which will be provided practical training and demonstration of service operations
 - Delivery of pilot blast freezers for food industry with assembly and service operation training for refrigeration personnel
 - Cooperation/support/ in introduction of rigid foam elements production in Albania
 - Evaluation of the project, processing of final report

Fund Secretariat's comments

32. The Government of the Czech Republic was informed that the country programme/RMP for Albania was still being prepared. It was requested to withdraw the request and submit it in the context of the country programme once it is finalised. As of this writing, the Secretariat is waiting a response from the Czech Republic.

Fund Secretariat's recommendation

33. Pending

BELARUS: Assistance in ozone depleting substance phase-out (US \$20,000)

34. Withdrawn

REQUESTS FROM THE GOVERNMENT OF SWEDEN

Introduction

35. Table 4 presents a summary of Sweden's request for bilateral co-operation for a project in Croatia. This request does not exceed 20 percent of Sweden's contribution for 2002.

Table 4

SUBMISSION FROM THE GOVERNMENT OF SWEDEN AND RECOMMENDATION

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Assistance to prepare an RMP update	Croatia	18,750	15,000
Agency Fee		1,950	1,950
TOTAL		20,700	16,950

CROATIA: Preparation of the RMP update (US \$18,750)

36. In accordance with Decision 31/48, the Government of Sweden is submitting a request to update the RMP of Croatia. As per Decision 33/13, this request was accompanied by a progress report on the status of work being undertaken on the sub-projects approved within the RMP project. A written justification from the Government of Croatia, explaining how the additional activities are related to the RMP and phase-out commitments, was also provided.

Fund Secretariat's comments

37. The Secretariat pointed out that the request for US \$3,750 as contingency for currency fluctuations, included in the project proposal, was not an incremental cost. The Government of Sweden agreed to adjust the project cost accordingly.

Fund Secretariat's recommendation

38. The Fund Secretariat recommends blanket approval of the above project with the associated support costs at the funding level shown in Table 4 above, and the Treasurer should offset these amounts against Sweden's 2002 contribution to the Multilateral Fund.
