



**United Nations  
Environment  
Programme**

Distr.  
LIMITED

UNEP/OzL.Pro/ExCom/43/21  
11 June 2004



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-third Meeting  
Geneva, 5-9 July 2004

**BILATERAL COOPERATION**

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

<b>PROJECT TITLE</b>	<b>BILATERAL AGENCY</b>
National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) in Cuba (Canadian component)	Canada
Project preparation for the phase-out of methyl bromide in Jamaica	Canada
National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) in Cuba (French component)	France
Development of a country programme update in Algeria	Germany
Development of a suitable strategy for the long term management of HCFCs, in particular HCFC-22 in China	Germany
Sectoral phase-out programme: Establishing a halon bank in Croatia	Germany
National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) in Cuba (German component)	Germany
Implementation of the refrigerant management plan update: refrigeration and air-conditioning sector in Malawi	Germany
National compliance action plan: end user incentive in Sri Lanka	Japan
National compliance action plan: MAC recovery/recycling and retrofit in Sri Lanka	Japan
National compliance action plan: recovery/recycling in Sri Lanka	Japan
National compliance action plan: monitoring in Sri Lanka	Japan
Assistance to prepare a national CFC phase-out plan, servicing sector in Romania	Sweden
National CFC phase-out plan (first tranche) in Serbia and Montenegro	Sweden

Note on the Organization of the Document

1. This document provides an assessment of whether or not bilateral agencies' requests are eligible in the light of the maximum level of bilateral cooperation for the year 2004 taking into account Decision 25/13 that allows the assignment of the year of contribution.
2. The document also indicates the cross-references to other meeting documents where there is a discussion of the bilateral request. Cross-referenced documents are addressed in other agenda items.
3. This agenda item will address four requests. The following table indicates the titles of those requests and whether the project is recommended for blanket approval or for individual consideration.

Project Title	Agency	Country	Total Amount Requested (US\$)	Amount Requested at 43 <sup>rd</sup> Meeting (US\$)	Amount Recommended (US\$) (Excluding Support Costs)
<b>I: PROJECTS FOR BLANKET APPROVAL</b>					
Project preparation for the phase-out of methyl bromide	Canada	Jamaica	15,000	15,000	15,000
Development of a country programme update	Germany	Algeria	57,630	13,500	13,500
Assistance to prepare a national CFC phase-out plan, servicing sector	Sweden	Romania	64,900	59,400	59,400
<b>II: PROJECT FOR INDIVIDUAL CONSIDERATION</b>					
Development of a suitable strategy for the long term management of HCFCs, in particular HCFC-22	Germany	China	300,300	300,300	Pending

4. All bilateral requests are within the 20 per cent allocation of contributions for all bilateral agencies in 2004 except Germany. Germany's request plus previous approvals credited to 2005 are, however, within the 20 per cent allocation of Germany's contributions for 2005.

**Introduction**

5. A total of 14 requests amounting to US \$5,135,768 (including multi-year agreements) for bilateral co-operation were received by the Secretariat of which US \$2,373,443 is submitted for approval at the 43<sup>rd</sup> Meeting by Canadian, French, German, Japanese, and Swedish bilateral agencies. This document contains, by bilateral agency, those projects that are before the Executive Committee for its consideration.
6. 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)**

<b>Bilateral Agency</b>	<b>Total Amount Requested</b>	<b>Amount Requested at 43<sup>rd</sup> Meeting (US \$)</b>	<b>Number of Projects</b>
Canada	1,017,125	355,125	2
France	1,655,000	282,500	1
Germany	1,258,156	726,954	5
Japan	751,902	751,902	4
Sweden	453,585	256,962	2
<b>TOTAL</b>	<b>5,135,768</b>	<b>2,373,443</b>	<b>14</b>

## REQUEST FROM THE GOVERNMENT OF CANADA

### Introduction

7. Table 2 presents a summary of Canada's request for bilateral co-operation. The value of the request plus US\$214,700 approved at the 42<sup>nd</sup> Meeting does not exceed 20 percent of Canada's contribution for 2004 (US \$990,967).

Table 2

### SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 43 <sup>rd</sup> Meeting (US\$)	Amount Recommended (US\$)
National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) (Canadian component)	Cuba	900,000	300,000	(1)
Project preparation for the phase-out of methyl bromide	Jamaica	15,000	15,000	15,000
Agency Fee		102,125	40,125	1,125
TOTAL		1,017,125	355,125	16,125

(1) Under UNEP/OzL.Pro/ExCom/43/33

**CUBA: National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) (Canadian component) (US \$300,000)**

8. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/33.

**JAMAICA: Project preparation for the phase-out of methyl bromide (US \$15,000)**

### Fund Secretariat's recommendations

9. The Fund Secretariat recommends blanket approval of the above project at the funding level shown in Table 2.

## REQUEST FROM THE GOVERNMENT OF FRANCE

### Introduction

10. Table 3 presents a summary of France's request for bilateral co-operation. As per Decision 41/27 para. b, US \$1,117,348 was credited against France's bilateral contributions for 2004. This request, plus the US \$1,085,000 approved at the 42<sup>nd</sup> Meeting plus the amount credited against France's 2004 contributions in 2003, does not exceed 20 percent of France's contribution for 2004 (US \$2,503,738).

Table 3

### SUBMISSION FROM THE GOVERNMENT OF FRANCE AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 43 <sup>rd</sup> Meeting (US\$)	Amount Recommended (US\$)
National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) (French component)	Cuba	1,500,000	250,000	(1)
Agency Fee		155,000	32,500	
TOTAL		1,655,000	282,500	

(1) Under UNEP/OzL.Pro/ExCom/43/33

**CUBA: National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) (French component) (US \$250,000)**

11. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/33.

## REQUEST FROM THE GOVERNMENT OF GERMANY

### Introduction

12. Table 4 presents a summary of Germany's requests for bilateral co-operation. US \$2,784,708 was approved at the 42<sup>nd</sup> Meeting. Of this amount US \$1,866,181 should be credited against 2004 contributions and US \$918,527 should be credited against 2005 contributions, after taking into account net adjustments amounting to a total of US \$15,339 in line with Decision 39/14 that were not previously accounted for and Decisions 40/9 and 40/24 that were accounted for twice.

13. Based on the precedent set at the 41<sup>st</sup> Meeting of assigning contributions approved in 2003 and 2004 and at the 42<sup>nd</sup> Meeting of assigning contributions approved in 2004 and 2005, any funds approved at the 43<sup>rd</sup> Meeting should be assigned to 2005. The amount requested at this meeting plus the amount assigned to 2005 contributions at the 42<sup>nd</sup> Meeting does not exceed Germany's maximum bilateral contributions for the year 2005.

Table 4

### SUBMISSION FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 43 <sup>rd</sup> Meeting (US\$)	Amount Recommended (US\$)
Development of a country programme update	Algeria	57,630	13,500	13,500
Development of a suitable strategy for the long term management of HCFCs, in particular HCFC-22	China	300,300	300,300	Pending
Sectoral phase-out programme: Establishing a halon bank	Croatia	60,000	60,000	(1)
National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) (German component)	Cuba	600,000	170,000	(2)
Implementation of the refrigerant management plan update: refrigeration and air-conditioning sector	Malawi	100,000	100,000	(3)
Agency Fee		140,226	83,154	1,215
TOTAL		1,258,156	726,954	14,715

(1) Under UNEP/OzL.Pro/ExCom/43/32

(2) Under UNEP/OzL.Pro/ExCom/43/33

(3) Under UNEP/OzL.Pro/ExCom/43/38

### **ALGERIA: Development of a country programme update (US \$13,500)**

#### Project description

14. The Government of Germany submitted for the consideration of the Executive Committee at its 43<sup>rd</sup> Meeting a request for the preparation of the country programme update for

Algeria. The country programme update is intended to highlight the sectors where ODS phase out activities need to be concentrated in order to meet compliance targets, as well as provide the basis for a comprehensive strategy for ODS phase-out.

#### Fund Secretariat's comments

15. The Government of Germany and the Secretariat discussed the merits of preparing a sectoral or national phase-out plan for Algeria, without the additional step of preparing a country programme update. In the case of Algeria, the level of consumption reported in the foam sector for 2002 increased by 742 ODP tonnes over the previously reported level of minus 16 ODP tonnes. On this basis, the preparation of the country programme update might be helpful and should report specifically on CFC-11 consumption in the foam sector (i.e., CFC consumption at the enterprise level for the last three years, quantitative information on enterprise level of use of methylene chloride as the foam blowing agent in existing installations for the same period, production capacity in place prior to 25 July 1995).

16. The Secretariat also pointed out that, on the basis of Decision 35/57 the eligible funding level for the preparation of the country programme update for Algeria would be US \$13,500 (i.e., 75 per cent US \$18,000) representing the total level of funding approved for the preparation of the original Algerian country programme. At the 37<sup>th</sup> Meeting, the Executive Committee approved US \$42,000 for Germany for the preparation of a terminal ODS phase-out management plan, excluding the refrigeration sector for which UNIDO received US \$50,000. At the 33<sup>rd</sup> Meeting, Germany had received an additional US \$30,900 for project preparation for the phase-out of ODS use in the flexible foam sub-sector.

17. The Government of Germany advised the Secretariat that the Government of Algeria had sought bilateral assistance from Germany to review its country programme originally approved at the 11<sup>th</sup> Meeting. However, it would not be possible to develop a country programme update, covering all ODSs and sectors in Algeria, with the limited amount of funds for a country programme update pursuant to Decision 35/57 which would be 75 per cent of the original amount approved. Noting that the funding already approved for preparation of a terminal phase-out plans would enable assessment of other relevant sectors, the Secretariat reached agreement with the Government of Germany for preparation of a more limited country programme update focussing on the foam sector within the level of eligible funds.

#### Fund Secretariat's recommendation

18. The Fund Secretariat recommends blanket approval of the above project proposal at the level of funding indicated in Table 4.

**CHINA: Development of a suitable strategy for the long term management of HCFCs, in particular HCFC-22 (US \$300,300)**

#### Project description

19. Germany indicated that TEAP provided a forecast that shows the potential tripling of HCFC-22 consumption in China by 2015. Latest production data from China also shows a

significant increase in HCFC-22 production over the last few years. Germany indicated that HCFC-22 consumption arises from the phase-out of CFC-12 in commercial equipment that was funded by the Multilateral Fund and from capacities installed after 1995—neither of which is eligible for conversions with resources from the Multilateral Fund. Nevertheless, China will have to ensure the phase-out of HCFC-22 consumption (including servicing needs) at the latest by the year 2040. This project aims at developing the necessary data and policy options that would be needed for China to manage its phase-out of HCFC-22. The project will document different options and their benefits and risks and will result in a case study. The documentation would be made available to all other Article 5 countries.

20. The incremental cost of the proposal is US\$ 339,339, included agency overhead cost of US \$39,039 calculated at 13 per cent.

#### Secretariat's comments

21. The proposal was submitted to the 42<sup>nd</sup> Meeting. In its comments, the Secretariat raised several issues. After consideration of Germany's request, the Executive Committee decided:

- (a) To request the Government of Germany to take into account the views expressed on the eligibility of funding HCFC phase-out management studies by the Multilateral Fund at the 42<sup>nd</sup> Meeting of the Executive Committee, in the informal group meeting and, in addition, further submissions of additional ideas and opinions sent by e-mail to GTZ-Proklima, as the German bilateral implementing agency, provided that they were received 10 weeks prior to the 43<sup>rd</sup> Meeting of the Executive Committee; and
- (b) Also to request the Government of Germany to circulate to the Executive Committee, through the United Kingdom delegation, a policy paper on the issues of the responsibility of the Multilateral Fund and potential eligibility requirements for such a study and to reformulate the project proposal for submission and consideration at the 43<sup>rd</sup> Meeting of the Executive Committee on that basis.

22. The project proposal was revised by Germany in light of requirements of Decision 42/7(a). The policy paper on the responsibility of the Multilateral Fund and potential eligibility requirements for funding studies on the management of HCFCs was submitted by Germany through the United Kingdom delegation for consideration by the 43<sup>rd</sup> Meeting. The paper will be presented to the Executive Committee under agenda item 11.

#### Recommendations

23. The Executive Committee might wish to consider the project proposal in light of its deliberations on agenda item 11.

#### **CROATIA: Sectoral phase-out programme: Establishing a halon bank (US \$60,000)**

24. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/32.



**CUBA: National CFC phase-out management plan: phase-out of ODS in the refrigeration and air-conditioning sector (first tranche) (German component) (US \$170,000)**

25. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/33.

**MALAWI: Implementation of the refrigerant management plan update: refrigeration and air-conditioning sector (US \$100,000)**

26. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/38.

## REQUEST FROM THE GOVERNMENT OF JAPAN

### Introduction

27. Table 5 presents a summary of Japan's requests for bilateral co-operation. The value of the requests plus US\$2,780,000 approved at the 42<sup>nd</sup> Meeting does not exceed 20 percent of Japan's contribution for 2004 (US \$6,952,000).

Table 5

### SUBMISSION FROM THE GOVERNMENT OF JAPAN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 43 <sup>rd</sup> Meeting (US\$)	Amount Recommended (US\$)
National compliance action plan: end user incentive	Sri Lanka	144,000	144,000	(1)
National compliance action plan: MAC recovery/recycling and retrofit		123,000	123,000	(1)
National compliance action plan: recovery/recycling		290,400	290,400	(1)
National compliance action plan: monitoring		108,000	108,000	(1)
Agency Fee		86,502	86,502	
TOTAL		751,902	751,902	

(2) Under UNEP/OzL.Pro/ExCom/43/43

**SRI LANKA: National compliance action plan: end user incentive (US \$144,000)**  
**National compliance action plan: MAC recovery/recycling and retrofit (US \$123,000)**  
**National compliance action plan: recovery/recycling (US \$290,400)**  
**National compliance action plan: monitoring (US \$108,000)**

28. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/43.

## REQUEST FROM THE GOVERNMENT OF SWEDEN

### Introduction

29. Table 6 presents a summary of Sweden's requests for bilateral co-operation. This request plus US\$26,553 approved at the 42<sup>nd</sup> Meeting does not exceed 20 percent of Sweden's contribution for 2004 (US \$397,693).

Table 6

### SUBMISSION FROM THE GOVERNMENT OF SWEDEN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 43 <sup>rd</sup> Meeting (US\$)	Amount Recommended (US\$)
Assistance to prepare a national CFC phase-out plan, servicing sector	Romania	64,900	59,400	59,400
National CFC phase-out plan (first tranche)	Serbia and Montenegro	336,500	168,000	(1)
Agency Fee		52,185	29,562	7,722
TOTAL		453,585	256,962	67,122

(1) Under UNEP/OzL.Pro/ExCom/43/42

#### **ROMANIA: Assistance to prepare a national CFC phase-out plan, servicing sector (US \$59,400)**

30. Assistance in preparation of a national CFC phase-out plan (refrigeration servicing sector) is included in the 2004 Business Plan of Sweden. The proposal provides a detailed description of planned activities and time-frame. In accordance with Decision 35/57 the remaining eligible CFC consumption in Romania is calculated at 145.8 ODP tones. The preparation of a national CFC phase-out plan would assist Romania in meeting the 2007 and 2010 compliance requirements. The requested budget for preparation of the refrigeration servicing component is US \$64,900 which appears to be high compared to other requests for project preparation for national ODS phase-out plans. The Secretariat discussed the issue of cost with the Government of Sweden. It was agreed to reduce the cost of the consultancy component. The agreed cost is now US \$59,400.

31. The Secretariat recommends the proposal for blanket approval.

#### **SERBIA AND MONTENEGRO: National CFC phase-out plan (first tranche) (US \$168,000)**

32. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/43/42.

-----