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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-first Meeting
Montreal, 19-23 March 2007

Addendum

PROJECT PROPOSAL: VENEZUELA

This document is issued to:

- **Add** the following paragraphs on page 6 in the comments' section:

17(bis) Subsequent to the dispatch of documents, the Secretariat has been able to conclude its discussion with UNIDO on the issues raised in its initial comments on the national CFC phase-out plan for Venezuela (third tranche) as presented in document UNEP/OzL.Pro/ExCom/51/37.

17 (ter) The CFC consumption of Venezuela in 2005 has been above the limits set out in the Agreement by 180.8 ODP tonnes due to the high level of production in 2005. UNIDO advised that Venezuela intends to use 192 ODP tonnes of their production for domestic feedstock in future years. As already indicated in paragraph 13 of this document, the implication of Decision XVIII/17 of the Parties in this particular case, where production of ODS for domestic feedstock uses in a future year took place in a previous year, that the consumption in excess of prescribed levels would not be subject to the non-compliance procedure. With regard to the feedstock production for future years that was specified in the annual report but not actually verified, the Secretariat received detailed production data from UNIDO for the year 2006. The data show that for the year 2006 the opening stock of CFC-11 available with the producer was

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208,402 kg of CFC-11, which corresponds to the verified closing stock of 2005. In total, 385,789 kg of CFC-11 was used in 2006 for the production of CFC-12. According to the information provided by UNIDO, the amount of CFC-11 used as feedstock in 2006 was higher than the amount designated from the 2005 production as domestic feedstock for use in a future year. A verification of this data is outstanding as of writing this addendum and will be part of the World Bank's verification report on 2006 CFC production in Venezuela, which is presently under preparation and is scheduled for submission to the 52nd Meeting of the Executive Committee.

17 (qua) The Agreement foresees that, should Venezuela not meet the targets of the Agreement, then it will not be entitled to the funding in accordance with the disbursement schedule. The Executive Committee may reduce the amount of funding by US \$11,920 per ODP tonne of reduction in consumption not achieved. The third tranche requested by UNIDO is only followed by one more tranche, the total of which plus the last tranche is US \$ 2,713,662. Deducting the potential penalty for the excess consumption from this amount would leave US \$558,526. While future use is by definition difficult to verify, the future use of the excess CFC-11 of 2005 in case of Venezuela can be verified since the use has already taken place in 2006.

17 (quin) With regard to the Article 7 data reported by Venezuela for 2005, UNIDO informed the Secretariat on 26 February 2007 that the data had been sent to the Ozone Secretariat. As of the issuing of this document, the Ozone Secretariat had confirmed that it had not yet received the relevant data for 2005 from Venezuela.

17 (sex) With regard to the annual plan, UNIDO has provided the Secretariat with a detailed overview of the expenses in previous tranches for recovery and recycling, outstanding work under previous tranches, and the work planned under this tranche. The information indicates that training will be provided, which also covers good practices in refrigeration. Aside from 15 recovery and recycling centres to be established under the plan, more than 1,500 service establishments and more than 4,000 technicians are expected to benefit. In line with this, the 2007 work plan foresees the establishment of 8 recovery and recycling centres providing support to 250 companies, with 750 technicians trained. The support includes recovery equipment and tools.

- **Replace** paragraph 18, on page 6, in the recommendation section **with** the following:

18. The latest Article 7 consumption data available to the Ozone Secretariat on 12 February 2007 indicated that Venezuela had not yet reported its 2005 consumption. The Secretariat is unable to recommend approval of this tranche in advance of receipt of the 2005 Article 7 data.

19. In the event that the Article 7 data for 2005 becomes available before the 51st Meeting of the Executive Committee, and the Secretariat finds it to be consistent with the data in the 2005 consumption verification report, the Secretariat could recommend that the Executive Committee considers whether, in light of Decision XVIII/17 of the Meeting of the Parties, and subject to relevant verification, the excess production of CFCs in the year 2005 stockpiled for use as feedstock in a future year could be deducted from the level of consumption

for 2005, and whether this had an impact on the Country's compliance with its agreement with the Executive Committee contained in the national CFC phase-out plan for Venezuela.

Subject to the above, the Executive Committee may wish to consider:

- (a) Requesting the World Bank to provide information regarding the feedstock use of CFC-11 for CFC-12 production in 2006 as part of the verification of the 2006 CFC production in Venezuela;
- (b) Stating that, for the purpose of the national CFC phase-out plan for Venezuela, Venezuela's 2005 production stockpiled for domestic feedstock in a future year and related increase of the country's consumption would not lead to a revised funding disbursement schedule, and that the funding under the Agreement is therefore not being reduced in this context. This is conditional on the use as feedstock in a future year being verified as for all other components of the 2005 consumption, and on the understanding that this does not constitute a precedent for any future submissions of similar cases to the Executive Committee, and is without prejudice to any decision of the Meetings of the Parties on compliance issues;
- (c) Taking note of the annual report for 2005;
- (d) Approving the annual plan for 2007;
- (e) Approving an amount of US \$558,526 of the third tranche plus support cost for the implementation of the 2007 annual plan, as shown in the table below;
- (f) Requesting UNIDO to submit a request for approval of the remaining US \$1,513,305 of the third tranche upon submission of the production sector verification for 2006 by the World Bank.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
	National CFC phase-out plan (third tranche)	558,526	41,889	UNIDO