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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-fifth Meeting  
Bangkok, 14-18 July 2008

**UNDP WORK PROGRAMME AMENDMENTS FOR 2008**

## COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. UNDP is requesting approval from the Executive Committee for US \$10,637,556 for its 2008 Work Programme Amendment, plus agency support costs of US \$798,267.
2. The activities proposed in UNDP's Work Programme Amendment are presented in Table 1 below:

Table 1: UNDP's Work Programme Amendment

Country	Activity/Project	Amount Requested (US \$)	Amount Recommended (US \$)
<b>SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL</b>			
<b>A1. Renewal of institutional strengthening project:</b>			
Sri Lanka	Institutional strengthening	134,056	134,056
Subtotal for institutional strengthening project::		134,056	134,056
Subtotal for section A:		134,056	134,056
<b>SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION</b>			
<b>B1. Project preparation for HCFC phase-out plans:</b>			
Angola	Project preparation for HPMP	245,000	
Argentina	Project preparation for HPMP	330,000	
Armenia	Project preparation for HPMP	205,000	
Bolivia	Project preparation for HPMP	135,000	
Brazil	Project preparation for HPMP	670,000	
Cambodia	Project preparation for HPMP	135,000	
China	Project preparation for HPMP	1,568,500	
Chile	Project preparation for HPMP	245,000	
Colombia	Project preparation for HPMP	425,000	
Costa Rica	Project preparation for HPMP	245,000	
Côte d'Ivoire	Project preparation for HPMP	205,000	
Dominican Republic	Project preparation for HPMP	245,000	
El Salvador	Project preparation for HPMP	245,000	
Fiji	Project preparation for HPMP	205,000	
Gambia	Project preparation for HPMP	135,000	
Georgia	Project preparation for HPMP	205,000	
Ghana	Project preparation for HPMP	245,000	
India	Project preparation for HPMP	645,000	
Indonesia	Project preparation for HPMP	440,000	
Islamic Republic of Iran	Project preparation for HPMP	415,000	
Jamaica	Project preparation for HPMP	205,000	
Kyrgyzstan	Project preparation for HPMP	205,000	
Lebanon	Project preparation for HPMP	245,000	
Malaysia	Project preparation for HPMP	495,000	
Mexico	Project preparation for HPMP	190,000	
Moldova	Project preparation for HPMP	205,000	
Nepal	Project preparation for HPMP	135,000	
Nigeria	Project preparation for HPMP	245,000	
Panama	Project preparation for HPMP	245,000	
Paraguay	Project preparation for HPMP	135,000	
Peru	Project preparation for HPMP	245,000	
Sri Lanka	Project preparation for HPMP	245,000	
Trinidad and Tobago	Project preparation for HPMP	245,000	

Uruguay	Project preparation for HPMP	245,000	
Subtotal for project preparation for HCFC phase-out plans:		10,473,500	*
<b>B2. MDI strategy:</b>			
Armenia	MDI transition strategy	30,000	
Subtotal for MDI strategy:		30,000	*
Subtotal for section B:		10,637,556	134,056
Agency support costs (7.5 per cent for project preparation and institutional strengthening, and for other activities over US \$250,000, and 9 per cent for other activities under US \$250,000):		798,267	10,054
Total:		11,435,823	144,110

\* For individual consideration or pending

## SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

### A1. Renewal of institutional strengthening project

#### Sri Lanka: Institutional strengthening (US \$134,056)

#### Project description

#### Fund Secretariat's comments and recommendation

- UNDP submitted a request for the renewal of the institutional strengthening project in Sri Lanka. The description of the project is presented in Annex I to this document.
- The Fund Secretariat recommends blanket approval of the institutional strengthening renewal request for Sri Lanka at the level of funding shown in Table 1. The Executive Committee may wish to express to the Government of Sri Lanka the comments which appear below:

The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Sri Lanka and notes with appreciation that Sri Lanka reported data in 2006 and 2007 to the Ozone Secretariat that was lower than its 1995-1997 average CFC compliance baseline and that has exceeded both the 50 percent reduction target of the Montreal Protocol and the target set out in the national compliance assistance plan. Sri Lanka, therefore, appears to be in compliance with the Montreal Protocol reduction targets as well as its commitments under the NCAP. The Executive Committee also notes that within the framework of the institutional strengthening project, Sri Lanka has taken significant steps to phase out its ODS consumption, specifically, moving forward with implementation of the methyl bromide phase-out projects, organizing training workshops for refrigeration technicians and customs officers in order to assist industry to comply with the phase-out targets for CFCs; controlling imports of CFCs and CFC-based equipment through a licensing system and implementation of the national plan that addresses the remaining CFC consumption in Sri Lanka. The Executive Committee greatly supports the efforts of Sri Lanka to reduce the consumption of ODS. The Executive Committee is therefore hopeful that, in the next two years, Sri Lanka will continue with the implementation of its country programme and national phase-out plan activities with outstanding success in the reduction of current ODS consumption levels.

**SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION****B1. Project preparation for HCFC phase-out plans**

	<b>Country</b>	<b>Project</b>	<b>Amount requested (US \$)</b>
(a)	Angola	Project preparation for HPMP	245,000
(b)	Argentina	Project preparation for HPMP	330,000
(c)	Armenia	Project preparation for HPMP	205,000
(d)	Bolivia	Project preparation for HPMP	135,000
(e)	Brazil	Project preparation for HPMP	670,000
(f)	Cambodia	Project preparation for HPMP	135,000
(g)	China	Project preparation for HPMP	1,568,500
(h)	Chile	Project preparation for HPMP	245,000
(i)	Colombia	Project preparation for HPMP	425,000
(j)	Costa Rica	Project preparation for HPMP	245,000
(k)	Côte d'Ivoire	Project preparation for HPMP	205,000
(l)	Dominican Republic	Project preparation for HPMP	245,000
(m)	El Salvador	Project preparation for HPMP	245,000
(n)	Fiji	Project preparation for HPMP	205,000
(o)	Gambia	Project preparation for HPMP	135,000
(p)	Georgia	Project preparation for HPMP	205,000
(q)	Ghana	Project preparation for HPMP	245,000
(r)	India	Project preparation for HPMP	645,000
(s)	Indonesia	Project preparation for HPMP	440,000
(t)	Islamic Republic of Iran	Project preparation for HPMP	415,000
(u)	Jamaica	Project preparation for HPMP	205,000
(v)	Kyrgyzstan	Project preparation for HPMP	205,000
(w)	Lebanon	Project preparation for HPMP	245,000
(x)	Malaysia	Project preparation for HPMP	495,000
(y)	Mexico	Project preparation for HPMP	190,000
(z)	Moldova	Project preparation for HPMP	205,000
(aa)	Nepal	Project preparation for HPMP	135,000
(bb)	Nigeria	Project preparation for HPMP	245,000
(cc)	Panama	Project preparation for HPMP	245,000
(dd)	Paraguay	Project preparation for HPMP	135,000
(ee)	Peru	Project preparation for HPMP	245,000
(ff)	Sri Lanka	Project preparation for HPMP	245,000
(gg)	Trinidad and Tobago	Project preparation for HPMP	245,000
(hh)	Uruguay	Project preparation for HPMP	245,000

## Project descriptions

5. UNDP submitted requests for 34 countries for the preparation of HPMPs, broken down as follows:

UNDP's requests	Number of requests
UNDP only	15
UNDP/UNEP	8
UNDP/UNEP/UNIDO/GTZ	2
UNDP/UNIDO/World Bank	1
UNDP/GTZ	3
UNDP/UNEP/UNIDO	1
UNDP/UNIDO	3
UNDP/UNEP/UNIDO/World Bank/Germany	1
Total	34

6. In its submission, UNDP indicated that it had classified countries into four main groups based on HCFC consumption following the classification used by the TEAP Replenishment Task Force, with China considered as one country in Group 1. The descriptions of the other groups are as follows:

Group	Description
Group 2	countries with large HCFC consumption, between 120 - 1,200 ODP tonnes
Group 3	countries with medium consumption, between 6 and 100 ODP tonnes
Group 4	countries with low consumption, below 6 ODP tonnes, mostly servicing only. This group also includes countries with zero HCFC consumption

7. In providing cost estimates for each request based on the above groupings, UNDP also mentions that there is a difference in the cost requested for countries where UNDP is lead agency, and for those where it is only a cooperating agency, with the former used as the basis for requesting a higher cost.

8. UNDP indicated a list of tasks that will be associated with the preparation of the HPMPs covering the following:

- (a) Institutional arrangements that draw upon lessons learnt during CFC phase-out;
- (b) Integration of existing arrangements and introduction of new ones in a way that would facilitate seamless transition from the preparatory to the implementation stage of the HPMP;
- (c) Introduction of appropriate coordination platforms to ensure smooth management and coordination especially in multi-agency situations;

- (d) Systematically channelling technical expertise at the national and international levels to HPMP preparation (and in future, implementation);
- (e) Collection and analysis of data to the level of confidence and details required by decision 54/39;
- (f) Ensuring extensive consultations with national stakeholders; and
- (g) Accounting for additional tasks involved in cost estimation based on multiple costing and financing scenarios as required by decision 54/39.

9. UNDP's funding request as per their country groupings (other than Group 1- China) can be summarized as follows:

<b>Country grouping</b>	<b>UNDP as lead (requested cost in US\$)</b>	<b>UNDP cooperating (requested cost in US\$)</b>
Group 2	427,000*	190,000
Group 3	245,000	135,000
Group 4	205,000	135,000

\* Costs of each of the eight countries in this group vary per country, amount above is the average cost of the request

10. A summary of the requests included in the submission is as follows:

<b>GROUP</b>	<b>Funds Requested</b>	<b>Support Cost</b>	<b>Total</b>
Group 2 ( 9 countries)	3,610,000	270,750	3,880,750
Group 3 (13 countries)	3,320,000	249,000	3,569,000
Group 4 (11 countries)	1,975,000	148,125	2,123,125
<b>Total</b>	<b>8,905,000</b>	<b>667,875</b>	<b>9,572,875</b>

11. UNDP also provided new letters from the countries endorsing it as lead or cooperating agency for the preparation of the HPMP. In cases where no new letters were provided, the communication received during the submissions of the business plans were deemed sufficient for this purpose. All of the countries where requests have been received for HPMP preparation are included in UNDP's business plan which was approved at the 54<sup>th</sup> Meeting.

### **Fund Secretariat's comments**

12. In the absence of agreed funding policies specifically related to HCFCs, the Secretariat drew on the Fund's experience to date of addressing ODS phase out. In reviewing these requests the Secretariat considered the following:

- (a) Latest HCFC consumption in the countries on the list based on Article 7;
- (b) Common elements of HPMP project preparation as seen from the submissions;
- (c) HPMP guidelines as approved in decision 54/39, and the elements of an HPMP as indicated therein;
- (d) Earlier costs of country programme preparation, RMP/TPMP/NPP preparation as well as costs for the preparation of sector plans for CFC phase out for all countries as well as costs for individual preparation for countries with HCFC manufacturing; and
- (e) Costs of earlier approved HCFC surveys for 13 countries.

13. In line with decision 54/39, the Secretariat also classified the countries into two main categories:

- (a) Countries with HCFC consumption in the servicing sector only (HCFC-22); and
- (b) Countries with HCFC consumption in both servicing and manufacturing (HCFC-22, HCFC-141b and other HCFCs).

14. To determine standard costs in line with previous decisions and guidelines of the Executive Committee, the Secretariat has determined that HPMP preparation funding can be divided into the following components, in line with decision 54/39:

- (a) Assistance for policy and legislation;
- (b) Survey of HCFC use and analysis of data;
- (c) Development and finalization of the full HPMP including consultations; and
- (d) Individual investment project proposals.

15. The Secretariat also considered that the first three components as indicated in paragraph 14 above will be common to all countries regardless of consumption. The last component will apply only to those countries that have HCFC use in manufacturing. In considering the first three components, the Secretariat also notes that for some countries, these may already include some elements of small investment projects that may be up for simple conversions and where the alternative is already known.

16. In their submission, UNDP indicated that out of the total number of countries submitted (34) they have been designated by the country as lead agency responsible for project preparation in 27 of these, plus China. UNDP indicated that as lead agency, they will have a number of responsibilities vis-à-vis the NOU and the government, the cooperating agency, the industry in the country, as well as in relation to the Secretariat and the Executive Committee. They have provided a list of tasks for all these that are attached to their work programme which is annexed to this document.

17. In seeking clarification on whether costs for countries where UNDP is lead and other agencies are working as cooperating agency have been streamlined to avoid duplication, UNDP remarked that there were efforts to ensure that duplication is avoided, however there may be areas where these continue to be there. UNDP also indicated that there were discussions with cooperating agencies on what would constitute their share of the preparation; however there is no guarantee that what has been submitted by other agencies is consistent with what has been agreed upon.

18. In the case of China, the total request for HPMP preparation submitted by all agencies is US \$4,532,995, of which the UNDP component cost is over US\$1.5 million. Out of UNDP's request, US \$360,000 is sought for the preparation of the overall strategy, while the rest is for projects in the solvent, industrial and commercial refrigeration sectors, and the agency's share for the foam XPS sector for which Germany is identified as the lead.

19. UNDP indicated that as lead agency for China, it had had a very detailed consultation meeting prior to the agencies' submissions, and that the information and costs contained for the different sectors are close to what was agreed upon, except for that of UNEP where costs seem to include aspects of implementation rather than preparation. The Secretariat queried whether these were discussed with the agency, and the response was affirmative although it was pointed out that UNDP had no control over the final submissions of each of the agencies involved.

20. In reviewing the requests by UNDP, the Secretariat also considered the funding approved at the 45<sup>th</sup> Meeting for undertaking HCFC surveys for 12 countries, most of which are in UNDP's current work programme amendment with requests for HPMP preparation. Consistent with the Executive Committee's guidelines to ensure equity among countries, these funds will need to be discounted from the total amount of preparatory funding that will be approved for these countries. The Secretariat requested UNDP to provide a proposal on how the original costs can be discounted. However, as of this writing, the Secretariat received no response.

21. UNDP provided the Secretariat with a detailed budget breakdown for some of its requests for larger countries, which is attached to this document. In discussions with UNDP, the Secretariat requested the agency to further review these costs, and to resubmit based on the cost standards proposed by the Secretariat. After a number of discussions, there was no agreement with UNDP on the proposed costs for the countries, as well as the proposed cost for China. In view of the complexity and size, the Secretariat believes that China would need to be considered separately from the other HPMP preparation funding requests.



22. In view of the wide range of costs submitted by the agencies for the HPMP preparation funding requests, the Secretariat, following a detailed analysis as mentioned above, and proposed costs as summarized in the table below:

Summary table of recommended costs for HPMP preparation

Country classification	zero consumption	countries with servicing only (HCFC-22 only)	countries with servicing and manufacturing* (mid-consumption countries)	countries with servicing and manufacturing* (larger consumption countries)
<b>ACTIVITY</b>	<b>BUDGETS (US\$)</b>			
<b>1. Policy assistance for HCFC licensing system</b>				
Legal consultant(s)	4,000	10,000	15,000	15,000
Consultation meetings to finalise guidelines and rules	4,000	5,000	10,000	10,000
Information dissemination for enforcement	2,000	5,000	5,000	5,000
<b>Sub-total:</b>	<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>30,000</b>
<b>2. Survey, Data collection and Analysis**</b>				
Consultant costs	5,000	10,000	20,000	40,000
Stakeholder consultation meeting and finalisation of report	5,000	5,000	10,000	10,000
Data collection costs (including travel, if required)	5,000	10,000	25,000	35,000
<b>Sub-total:</b>	<b>15,000</b>	<b>25,000</b>	<b>55,000</b>	<b>85,000</b>
<b>3. Strategy development and finalisation</b>				
3 national meetings (start of the process, initial consultation and final consultation)	10,000	15,000	20,000	30,000
Documentation and information materials (sub-contract)	5,000	5,000	5,000	5,000
Local travel expenses for meeting participants	10,000	20,000	15,000	15,000
Consultants to review technology including climate benefits	Not applicable	Not applicable	25,000	30,000
<b>Sub-total:</b>	<b>25,000</b>	<b>40,000</b>	<b>65,000</b>	<b>80,000</b>
<b>Total Cost</b>	<b>50,000</b>	<b>85,000</b>	<b>150,000</b>	<b>195,000</b>

\* these costs are standard costs for the preparation of the HPMP, individual project preparation for demonstration and other investment projects will be costed separately

\*\* funding already received by countries for surveys will be adjusted lower than these proposed costs, accordingly.

23. The Secretariat discussed with the agency the level of funding submitted for project preparation of the HPMPs for the countries listed in its work programme amendment. Although there appeared to be agreement on the approach being proposed for by the time of writing this document, no agreement on cost has been reached.

### **Fund Secretariat's recommendation**

24. Pending.

## **B2. Preparation of an MDI transition strategy**

### Armenia: MDI transition strategy (US \$30,000)

#### **Background**

25. The Executive Committee, at its 51<sup>st</sup> Meeting, agreed in decision 51/34(d) *inter alia*, “to consider on a case-by-case basis requests for transition strategies to non-CFC MDIs in Article 5 Parties that did not have MDI manufacturing facilities, in accordance with decision 45/54, when the need for a strategy had been fully demonstrated and documented through the submission of the following information for the previous three years:

- (a) CFC and non-CFC MDIs and dry-powder inhalers: sold or distributed within the Party, by active ingredient, brand/manufacturer, and source;
- (b) Non-CFC MDIs and dry-powder inhalers: date approved, authorized for marketing, and/or launched in the territory of the Party;
- (c) CFC and non-CFC MDIs and dry-powder inhalers: estimated cost by active ingredient and source.”

26. Armenia is one of the country’s that has received funding for CFC phase out from the GEF. It has since changed its status to an Article 5 country. The country has not received any assistance from the Multilateral Fund for CFC phase out, including the MDI sector. The funding that Armenia received from the GEF neither included assistance for CFC-MDI phase out nor a transition strategy. This request from Armenia is being submitted pursuant to decision 51/34.

#### **Project description**

27. On behalf of the Government of Armenia, UNDP is submitting a request for the preparation of an MDI-transition strategy to phase-out CFC use in the MDI consumption sector. Armenia does not manufacture CFC MDIs. The country imports both CFC and non-CFC MDIs mostly from Poland and the Russian Federation. For the past three years (2005-2007), the average import of CFC MDI’s was over 12,000 units, while non-CFC MDIs amounted to over 30,000 units. The available data indicates that these imports are increasing. There is no specific data provided on the number of incidences of chronic obstructive pulmonary disease (COPD) in the country, as these are reported as part of the overall statistics for all types of bronchitis and pulmonary diseases. There is however an overall growing concern from the Government that these incidences are increasing by ten percent each year. It is for this reason that there is a need to ensure a steady supply of MDIs to meet these patients’ needs. The requested funding for the development of an MDI transition strategy is expected to establish a clear schedule for the full transition to the imports of alternatives to CFC-MDIs. Regulations would also be needed that would promote and support the phase-out of these products, and a programme that would raise physician awareness and patient acceptance of alternatives to CFC-MDIs, as well as monitoring imports of MDIs.

28. In support of their submission, and based on decision 51/34, UNDP indicated that the situation with regards to the supply of MDIs and their non-CFC equivalents in Armenia can be briefly described as follows:

- (a) There are CFC MDIs, and HFA MDIs in the market;
- (b) HFA MDIs exceeded 75 percent of the share of the total MDI market in 2005 and 2006. This is dropping to 70 percent while there is an increase in the share of CFC-MDIs due to its higher price;
- (c) In 2005 and 2006, CFC MDIs had a 23 percent share in the market as compared to HFA-MDIs. In 2006, CFC MDI imports rose to 32 percent of the market share, and it has shown a further increase in 2007. The increases in these imports were dictated by lower prices of this product as compared to the alternative;
- (d) The MDI products with CFC and non-CFC propellant are of different moieties so the prices are not directly comparable; and
- (e) While there are DPIs on the market, their share is negligible.

29. In addition, UNDP also provided a comprehensive table listing CFC and non-CFC MDIs and dry-powder inhalers imported, sold or distributed within the country, identifying each by active ingredient, brand/manufacturer, and source. The information also included the price of each product as well as the date of approval of each drug by national authorities. The report also provided information on the source of CFC-MDIs, which come mostly from Poland and the Russian Federation, with the shares of the market broken down as follows:

<b>Country of CFC MDI origin in 2007</b>	<b>Sub-market shares for various sources (% of total)</b>
Poland	58.3
Russian Federation	33.3
Others	8.4
Total	100.0

30. While the data submitted also shows that CFC-MDIs are still less expensive than other MDIs, and offer a wider variety of moieties that are not readily available with HFA MDIs, the products with CFC are not the same as those available with HFA therefore it is difficult to compare the prices. However, the document indicates that the main MDI supplier from Poland is sensitive to the price as well as the demand issue and is ready to supply CFC-MDIs if there is a demand. The fluctuations in price are also attributed to a lack of a strong pricing policy which causes tremendous fluctuations between products, depending on demand and supply.

31. The document also indicates that the health authorities are not aware of the requirements of the Montreal Protocol to phase out CFCs in MDIs, and very often planning for MDI imports is based on the sources that could provide products at the least cost rather than on the propellant used.

### **Fund Secretariat's comments**

32. The project preparation request is being submitted to enable the smooth transition to non-CFC MDIs in Armenia, therefore phasing out CFC consumption in the MDI sector. The Secretariat noted that there are variations in the supply of the different MDIs and that the imports of CFC and HFA MDIs are prone to significant fluctuations. UNDP indicates that these fluctuations could cause problems and could affect patient care if there is a lack of affordable MDIs on the market. UNDP explained that the price fluctuations happen because the country has weak pricing policies and therefore this needs to be strengthened.

33. The Secretariat also noted that while there was a difference in the price between CFC-based MDIs and those with alternatives, it also shows that the unit price of each product has increased in the last three years, albeit minimally. This means that this price increase is passed on to the consumer.

34. In discussing the country's plans for the preparation of the transition strategy, the Secretariat was informed that the national strategy on replacement of CFC-based MDIs with alternatives is envisaged to consider the following:

- (a) Better study and analysis of current MDI market consumption, supply sources and future trends;
- (b) Analysis of alternative products and their effects and health benefits;
- (c) Cooperation with the main importers and representatives of medical establishments towards organization and taking measures for shifting to affordable alternative medications, including timeframes for the import, substitution, and individual and group agreements with suppliers and distributors;
- (d) Development of multi-year national planning on imports and ensuring a smooth shift towards alternatives;
- (e) Adopting a wide, informed and participatory decision-making process;
- (f) Through training and targeted awareness activities, to increase confidence and ensure acceptance of the alternative products by both patients and doctors; and
- (g) Extended and targeted work with asthma associations and delivering of training to ensure better transition to HFA MDIs.

### **Fund Secretariat's recommendation**

35. In the light of the comments above, the Executive Committee may wish to consider approval of the request for preparation of an MDI transition strategy at the funding level of US \$30,000, as indicated in Table 1 above. The Committee may also wish to confirm whether the information provided is consistent with the requirements of decision 51/34.

36. In approving this project UNDP is requested to note that no further funds for the phase out of CFCs in the MDI sector will be available.

**Annex I**

**INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS**

**Sri Lanka: Renewal of institutional strengthening**

<b>Summary of the project and country profile</b>	
Implementing Agency:	UNDP
Amounts previously approved for institutional strengthening (US \$):	
Phase I: Mar-1994	154,680
Phase II: Nov-1997	103,120
Phase III: Nov-1999	103,120
Phase IV: Jul-2002	134,056
Phase V: Jul-2004	134,056
Phase VI: Nov-2006	134,056
Total	763,088
Amount requested for renewal (Phase VII) (US \$):	134,056
Amount recommended for approval for Phase VII (US \$):	134,056
Agency support costs (US \$):	10,054
Total cost of institutional strengthening Phase VII to the Multilateral Fund (US \$):	144,110
Equivalent amount of CFC phase-out due to institutional strengthening Phase VII at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	Mar. 1994
ODS consumption reported in country programme (1991) (ODP tonnes):	223.1
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	445.6
(b) Annex A Group II (Halons) (Average 1995-1997)	0
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	35.1
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	3.0
(e) Annex E (Methyl bromide) (Average 1995-1998)	4.1
Latest reported ODS consumption (2006) (ODP tonnes) as per Article 7:	
(a) Annex A Group I (CFCs)	105.3
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	0
(d) Annex B Group III (Methyl chloroform)	0
(e) Annex E (Methyl bromide)	0
(f) Annex C Group I (HCFCs)	12.4
Total	117.7
Year of reported country programme implementation data:	2007
Amount approved for projects (US \$):	4,150,085
Amount disbursed (as at May 2008) (US \$):	3,248,758
ODS to be phased out (ODP tonnes):	96.0
ODS phased out (as at May 2008) (ODP tonnes):	88.0

1. Summary of activities and funds approved by the Executive Committee:

<b>Summary of activities</b>		<b>Funds approved (US \$)</b>
(a)	Investment projects:	761,145
(b)	Institutional strengthening:	763,088
(c)	Project preparation, technical assistance, training and other non-investment projects:	2,506,048
	Total:	4,030,281

Progress report

2. During its phase VI, the institutional strengthening (IS) project of Sri Lanka continued successfully achieving and maintaining compliance with the Montreal Protocol control measures. In particular, the National Ozone Unit of Sri Lanka coordinated the implementation of several projects to phase out ODS including training of customs officers and refrigeration technicians included as part of the RMP, and the national compliance assistance project and training of fumigation technicians under the methyl bromide technical assistance project. The customs training component of the RMP was completed during this phase. A national introductory halon workshop was held. Public awareness activities included execution of eighteen awareness programmes for school children as training programs for teachers and Government officers. Continuing from the Ozone Quiz that was conducted during phase V, the NOU prepared the winning team to compete in the Regional Ozone Quiz. The team placed in the top three.

Plan of action

3. The NOU of Sri Lanka has the following objectives for the VII<sup>th</sup> phase of the institutional strengthening project (January 2009 to December 2010): to monitor the implementation of the separately funded methyl bromide phase-out project for all uses except QPS, to monitor the implementation, in order to continue to maintain compliance with the reductions of CFC consumption as per the agreed targets in the national compliance assistance project. During the next phase of the IS project, the NOU will continue implementation of current ongoing activities including the RMP, methyl bromide phase out and NCAP. Further to the implementation of specific projects, the NOU will continue raising public awareness through various activities. During this phase, the NOU will also commence preparations for preparation of its HPMP.

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## **UNDP HPMP PRP BUDGETS BREAKDOWN**

### **Explanatory Notes**

#### **1. Basis/Assumptions**

- The outcomes of HPMP preparation are as below:
  - An overarching HPMP Strategy
  - HPMP (First Stage) document which sets out priorities and actions for 2013/2015 compliance, related costs and incorporates project proposals (individual, sectoral, national, pilot/demonstration) to be submitted in 2009 based on country priorities
- The request for HPMP preparation funding is the only request/opportunity for such funding prior to 2013/2015 compliance milestones
- Limited timeframe available for compliance actions (3-5 years)
- Technologies not mature/validated in A5 context. This will need more intensive interactions between industry and government stakeholders, assisted by agency national and international technical experts as well as technology providers
- Volumetric phase-out (ODS tonnes) needed for compliance is much greater as compared to CFCs (due to high growth rates, new consumer-driven sectors such as air conditioning, etc). The total funding provided for preparation of CFC phase-out projects in a more favorable context of technology maturity and time frame, was substantial. CP/RMP/TPMPs can only provide limited basis, as they addressed only residual consumption in most cases.
- Decision 54/39 stipulates extensive requirements both for data and its analysis and presentation (covering multiple funding scenarios, multiple environmental goals, etc)
- Involvement of multiple agencies during HPMP preparation, new stakeholders, limited awareness, technology challenges: all of these place extra burdens of coordination, to ensure that the HPMP accurately describes the national situations and proposes appropriate implementable actions, in a very limited time frame

#### **2. Budgets**

- Three stakeholder consultations are envisaged: Inception and final national-level consultation with all stakeholders and intervening consultations with industry stakeholders
- Data collection and analysis costs are based on resource requirements for interactions with individual enterprises for obtaining data to the level of detail needed to comply with Decision 54/39 and carrying out the required analysis.
- Management and coordination costs that include costs of project/programme personnel and experts and related operational and other expenses. Considering that less than a year would be available for generating an implementable HPMP and drawing from lessons learnt during CFC phase-out, it would be essential to seamlessly integrate structures created for CFC phase-out for HPMPs and also allow smooth transition to the implementation stage of the HPMP. The programme personnel would act under the supervision of the NOU and will facilitate validating the enterprise baseline data and documentation from a regulatory perspective, assist NOU in coordination and monitoring of HPMP preparation activities and also for policy/regulatory actions.

## **Key additional tasks and responsibilities of the Lead Agency for First Stage HPMP Preparation**

The ExCom Decision 54/39, Annex-XIX of Document 54/59 and other documents referred therein, introduce higher levels of details/confidence on collection, presentation and validation of data, as well as additional requirements of coordination and management structures and respective roles, particularly where multiple agencies are involved in HPMP preparation. This introduces tasks and responsibilities on the Lead Agency, which are additional to the roles and responsibilities of the Lead Agency usually defined in the earlier performance-based MYAs, which will result in additional costs. Following are the key additional tasks and responsibilities of the Lead Agency in context of HPMP preparation (meaning the First Stage HPMP, for meeting 2013 and 2015 compliance targets):

### Lead Agency with respect to NOU

- Support NOU in ensuring an effective and smooth process in preparation of the strategies for sectors/components and the integrated HPMP;
- Provide operational support to NOU in managing the activities of the HPMP PMU;
- Support NOU in review of the draft strategies for the components/sectors and integrated HPMP, for timely finalization and submission to the ExCom;
- Act in close collaboration with NOU to follow-up the activities of the cooperating agencies to ensure timely initiation and completion of the strategies for individual sectors/components;
- Work in close cooperation and coordination with NOU on integration of the strategies for sectors/components and finalization of the integrated HPMP;
- Provide assistance with policy, management and technical support to NOU for developing an overall long term HPMP strategy

### Lead Agency with respect to Cooperating Agencies

- Provide overall coordination between the Cooperating Agencies and NOU to ensure effective cooperation and consistent actions in the HPMP process;
- Arrange and manage coordination and consultation meetings amongst agencies;
- Coordinate and generate synergy on the overall technical, policy, regulatory and administrative actions proposed in the strategies for individual strategies/components to ensure consistent and uniform application throughout the integrated HPMP;
- In consultation with NOU, coordinate the activities of cooperating agencies.

### Lead Agency with respect to Industry

- Assist NOU in the process of consultations with industry representatives on the technical and logistical aspects in HPMP preparation;
- In close coordination with the cooperating agencies, assist NOU in interactions with the industry on strategic identification and selection of alternative technologies and on technology transfer issues.

### Lead Agency with respect to MLF Secretariat and ExCom

- Undertake consultations and clarifications with MLF Secretariat on HPMP guidelines and HPMP preparation process to facilitate effective preparation;
- Assist NOU, in close coordination with the cooperating agencies, in responding to comments on HPMP from MLF/ExCom;
- Provide status/progress reports to MLF as required



**EXECUTIVE COMMITTEE OF THE MULTILATERAL  
FUND  
FOR THE IMPLEMENTATION OF THE  
MONTREAL PROTOCOL  
(55<sup>th</sup> Meeting, 14 – 18 July 2008, Bangkok)**

**2008 WORK PROGRAMME AMENDMENT**

**UNITED NATIONS DEVELOPMENT PROGRAMME**

**Request for Project Preparation and Non-Investment Projects at the  
55<sup>th</sup> Executive Committee Meeting**

**May 2008**

## 2008 UNDP WORK PROGRAMME

### 55<sup>th</sup> Executive Committee Meeting (14-18 July 2008, Bangkok)

This Work Programme document contains all non-investment and project preparation programmes that are being requested at the 55<sup>th</sup> Meeting of the Executive Committee. These requests amount to US\$ 10,637,556 plus US\$ 798,267 of support cost, as elaborated upon below.

#### 1. Institutional Strengthening Renewal Requests.

The following Institutional Strengthening Renewal Requests are being submitted at the 55<sup>th</sup> meeting of the Executive Committee:

No	COUNTRY	TITLE	ODP	BUDGET	SUPPORT COST	TOTAL
1	Sri Lanka	Institutional Strengthening	22	134,056	10,054	144,110
<b>Sub-total: Institutional Strengthening</b>			<b>22</b>	<b>134,056</b>	<b>10,054</b>	<b>144,110</b>

The documents for the IS Renewal Request for Sri Lanka was submitted separately by UNDP.

#### 2. Requests for Activities in the MDI Sector.

No	COUNTRY	TITLE	BUDGET	SUPPORT COST	TOTAL	REMARKS
<i>MDI Transition Strategies</i>						
1	Armenia	MDI Transition Strategy	30,000	2,700	32,700	See Annex-III
<b>Sub-total: Activities in the MDI Sector</b>			<b>30,000</b>	<b>2,700</b>	<b>32,700</b>	

#### 3. Requests for Activities related to HCFCs

##### Preparatory Funds for HCFC Phase Out Management Plans

Subsequent to the Decisions 19/6 of the Meeting of the Parties and 53/37 of the Executive Committee, and in response to the request of 37 countries, UNDP included in its Business Plan for the year 2008 the preparation of HCFC Phase-out Management Plans (HPMPs). An initial request of funds for the HPMPs preparation was included in the UNDP's Work Programme submitted to the 54<sup>th</sup> Executive Committee; however this proposal was a first approximation as the guidelines for the preparation of HPMPs were not available yet. At the 54<sup>th</sup> Meeting the Decision 54/39 approved the guidelines for the preparation of HPMPs and provided an indicative outline with a set of data, information requirements and contents that HPMPs should fulfill as a

minimum.

At the same meeting, Decision 54/23 approved an advance of US \$257,000, and US \$19,275 in agency support costs, which represented 10% of the project preparation funds for HPMPs requested by UNDP *at that meeting*. This advance enabled UNDP to initiate (as of the date funds were transferred by the UNEP Treasurer) the administrative internal process required for inclusion of country individual preparation activity in the UNDP internal financial control system helping to speed up the process. Decision 54/23 also allowed UNDP to submit a request for preparatory funding for HPMPs to the 55<sup>th</sup> Meeting.

In light of the above decisions, and based on the elements required by the guidelines to prepare HPMPs, UNDP developed a cost structure that allowed preparing the HPMP preparation budgets customized for each one of the countries taking into consideration their individual needs and characteristics. The HPMP preparation budgets have been estimated taking into consideration the following:

- Institutional arrangements that draw upon lessons learnt during CFC phase-out
- Integrate existing arrangements and introduce new arrangements in such a way as to facilitate seamless transition from the preparatory to the implementation stage of the HPMP
- Introduce appropriate platforms to ensure smooth management and coordination especially in multi-agency situations
- Systematically channeling technical expertise at the national and international levels to HPMP preparation (and in future, implementation)
- Collection and analysis of data to the level of confidence and details required by Decision 54/39
- Ensure extensive consultations with national stakeholders
- Accounting for additional tasks involved in preparation based on multiple costing and financing scenarios as required by Decision 54/39

Following the classification of the countries proposed in the TEAP Replenishment Task Force Report (May 2008), UNDP has divided the countries into four groups to be consistent with that classification:

- **Group-1:** Very large consumption over 1,200 ODP tonnes: includes only China
- **Group-2:** Large consumption between 120 - 1,200 ODP tonnes. The countries working with UNDP included in this group are: Argentina, Brazil, Colombia, India, Indonesia, Iran, Malaysia and Mexico. Due to significant variations in profile in various sectors including local costs, characteristics of the manufacturing industry, existence of production sector in some cases, etc., the funds requested for the preparation of HPMPs in this group are based on customized budgets. The values being submitted within this group fluctuate between US\$ 330,000 for the smallest one to US\$ 670,000 to the largest case. In countries where UNDP is cooperating agency, the levels of funds requested are lower as it is assumed that several institutional and coordination activities would be budgeted by the Lead Agency.

- **Group 3:** Medium-sized countries with consumption between 6 and 100 ODP tonnes. The funds requested for the preparation of HPMPs for countries in this group has been standardized at US\$245,000 each, based on the costs collected. For countries where UNDP is not Lead Agency a total of US\$ 110,000 has been discounted.
- **Group 4:** Includes countries with consumption below 6 ODP tonnes. Most of these countries do not have manufacturing sectors and most of the activities will concentrate on the servicing sector. The funds requested for the preparation of HPMPs for countries in this group has been standardized at US\$205,000 each, based on costs collected. For countries where UNDP is not Lead Agency a total of US\$ 70,000 has been discounted.

NO	COUNTRY	TITLE	BUDGET	SUPPORT COST	TOTAL	REMARKS
<i>HCFC Phase Out Management Plans (HPMPs)</i>						
1	Angola	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
2	Argentina	PRP for HPMP	330,000	24,750	354,750	UNDP Lead Agency
3	Armenia	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
4	Bolivia	PRP for HPMP	135,000	10,125	145,125	UNDP Coop. Agency
5	Brazil	PRP for HPMP	670,000	50,250	720,250	UNDP Lead Agency
6	Cambodia	PRP for HPMP	135,000	10,125	145,125	UNDP Coop. Agency
7	China	PRP for HPMP	1,568,500	117,638	1,686,138	UNDP Lead Agency
8	Chile	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
9	Colombia	PRP for HPMP	425,000	31,875	456,875	UNDP Lead Agency
10	Costa Rica	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
11	Cote d'Ivoire	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
12	Dominican Republic	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
13	El Salvador	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
14	Fiji	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
15	Gambia	PRP for HPMP	135,000	10,125	145,125	UNDP Coop. Agency
16	Georgia	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
17	Ghana	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
18	India	PRP for HPMP	645,000	48,375	693,375	UNDP Lead Agency
19	Indonesia	PRP for HPMP	440,000	33,000	473,000	UNDP Lead Agency
20	Iran	PRP for HPMP	415,000	31,125	446,125	UNDP Lead Agency
21	Jamaica	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
22	Kyrgyzstan	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
23	Lebanon	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
24	Malaysia	PRP for HPMP	495,000	37,125	532,125	UNDP Lead Agency
25	Mexico	PRP for HPMP	190,000	14,250	204,250	UNDP Coop. Agency
26	Moldova	PRP for HPMP	205,000	15,375	220,375	UNDP Lead Agency
27	Nepal	PRP for HPMP	135,000	10,125	145,125	UNDP Coop. Agency
28	Nigeria	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
29	Panama	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
30	Paraguay	PRP for HPMP	135,000	10,125	145,125	UNDP Coop. Agency
31	Peru	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
32	Sri Lanka	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
33	Trinidad & Tobago	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
34	Uruguay	PRP for HPMP	245,000	18,375	263,375	UNDP Lead Agency
Sub-total: HPMP Preparation			10,473,500	785,513	11,259,013	

Note: The groups of countries have been color coded as below and above.

Countries Group 2

Countries Group 3

Countries Group 4

Based on the above criteria, the funds requested for preparation of HPMPs are as follows:

**Countries in Group-1 where UNDP is Lead Agency: China**

With the current status of the production and consumption of HCFCs in China and the growth forecasted, China will have to overcome a number of unique challenges to reduce production and consumption if it is to meet agreed MP 2013 and 2015 targets. Even with the proactive and ambitious approach being proposed by China, it is clear that the HPMP process is on the critical path for compliance and that investment projects must follow no later than the end of 2010 if the objectives of Decision XIX/6 are to be met.

The HPMP development project has been structured with this urgency in mind, while taking into account that any overarching strategy must also achieve the maximum climate benefits within any funding limits imposed. In this context, pilot/demonstration projects are likely to be an essential component of China's phase-out strategy – particularly in areas where current technologies do not yield adequate climate benefits. In addition, the sectors in China often have unique characteristics making the local demonstration of technologies an important element in building confidence.

***Process for Development of the HPMP Budget in China***

The Lead Agency and Cooperating Agencies met with the Foreign Economic Cooperation Office Ministry of Environmental Protection ((FECO/MEP), and other industry stakeholders in Beijing (May 19<sup>th</sup>-21<sup>st</sup>). The purpose of the meeting was to exchange ideas on the National HPMP, to finalise the sectoral assignments of the Cooperating Agencies, to discuss the process for the development of the HPMP and to finalise budget requirements for both national and international support.

The Lead Agency (UNDP) worked with the Cooperating Agencies (World Bank, UNEP, UNIDO, Germany and Japan ) to address methodological issues. The process identified for the development of the HPMP is based around the following five steps:

- Characterisation of current sector situations (both market assessment and technology options)
- Analysis of sectoral inputs and development of an overarching strategy with confirmation of HCFCs compliance with the 2013 freeze and 2015 reduction (10%) together with an assessment of climate benefits or burdens arising
- Finalisation of the overarching strategy and detailed data collection for sector plans
- Development of HCFC phase-out sector plans for each of the 6 HCFC consumption sectors and the HCFC production sector,
- Assembly of sector plans and development of final HPMP for China
- Sectoral and consolidated Stakeholder meetings to convey the outcomes of the HPMP to the Chinese industry and to publicise the potential benefits to both ozone and climate.

The agencies selected by FECO/MEP to lead the preparation of the first stage HPMP activities (and respective supporting agencies) were as follows:

Overarching/National Strategy	-	UNDP
National enabling activities for HPMP <sup>1*</sup>	-	UNEP
Domestic Refrigeration/Room Air Conditioning - Commercial and Industrial Refrigeration	-	UNIDO
Commercial and Industrial Refrigeration	-	UNDP
Servicing Sector	-	UNEP (Japan)
Production	-	World Bank
PU Foam	-	World Bank
XPS Foam	-	GTZ (UNDP/UNIDO)
Solvents	-	UNDP

On the basis of these assignments, each of the Agencies developed budgets based around assessments of the resource requirements for the process identified for China, as below:

<b>China UNDP Lead Agency</b>	<b>Funds Requested</b>	<b>Support Cost</b>	<b>Total</b>	<b>Lead Agency</b>
Overarching Strategy/1 <sup>st</sup> Stage HPMP	360,000	27,000	387,000	UNDP
Solvent Sector	474,500	35,588	510,088	UNDP
Industrial & Commercial Refrigeration	650,000	48,750	698,750	UNDP
<b>China UNDP Cooperating</b>	<b>Funds Requested</b>	<b>Support Cost</b>	<b>Total</b>	<b>Lead Agency</b>
Foam XPS Sector	84,000	6,300	90,300	GTZ
<b>Total for China</b>	<b>1,568,500</b>	<b>117,638</b>	<b>1,686,138</b>	<b>N/A</b>

### Countries in Group-2 where UNDP is Lead Agency

<b>Countries Group-2 UNDP Lead</b>	<b>Funds Requested UNDP</b>	<b>Support Cost</b>	<b>Total</b>
Argentina	330,000	24,750	354,750
Brazil	670,000	50,250	720,250
Colombia	425,000	31,875	456,875
India	645,000	48,375	693,375
Indonesia	440,000	33,000	473,000
Iran	415,000	31,125	446,125
Malaysia	495,000	37,125	532,125
<b>Total (7 countries)</b>	<b>3,420,000</b>	<b>256,500</b>	<b>3,676,500</b>

<sup>1\*</sup> National HPMP Preparation would involve public awareness, policy assistance related to import-export control and monitoring, training for local authorities and border police and customs, networking of the local authorities .

**Countries in Group-2 where UNDP is Cooperating Agency**

<b>Countries Group-2 UNDP Cooperating</b>	<b>Funds Requested UNDP</b>	<b>Support Cost</b>	<b>Total</b>	<b>Lead Agency</b>
Mexico	190,000	14,250	204,250	UNIDO

**Countries in Group-3 where UNDP is Lead Agency**

<b>Countries Group-3 UNDP Lead</b>	<b>Funds Requested UNDP</b>	<b>Support Cost</b>	<b>Total</b>
Angola, Chile, Costa Rica, Dominican Republic, El Salvador, Ghana, Lebanon, Nigeria, Panama, Peru, Sri Lanka, Trinidad & Tobago, Uruguay	245,000	18,375	263,375
<b>Total (13 Countries)</b>	<b>3,185,000</b>	<b>238,875</b>	<b>3,423,875</b>

**Countries in Group-3 where UNDP is Cooperating Agency**

<b>Countries Group-3 UNDP Cooperating</b>	<b>Funds Requested UNDP</b>	<b>Support Cost</b>	<b>Total</b>	<b>Lead Agency</b>
Cambodia	135,000	10,125	145,125	UNEP
<b>Total (1 countries)</b>	<b>135,000</b>	<b>10,125</b>	<b>145,125</b>	

**Countries in Group-4 where UNDP is Lead Agency:**

<b>Countries Group-4 UNDP Lead</b>	<b>Funds Requested UNDP</b>	<b>Support Cost</b>	<b>Total</b>
Armenia, Cote d'Ivoire, Fiji, Georgia, Jamaica, Kyrgyzstan, Moldova	205,000	15,375	220,375
<b>Total (7 countries)</b>	<b>1,435,000</b>	<b>107,625</b>	<b>1,542,625</b>

**Countries in Group-4 where UNDP is Cooperating Agency:**

<b>Countries Group-4 UNDP Cooperating</b>	<b>Funds Requested UNDP</b>	<b>Support Cost</b>	<b>Total</b>	<b>Lead Agency</b>
Bolivia, Gambia, Nepal, Paraguay	135,000	10,125	145,125	Germany, UNEP, UNEP, UNEP
<b>Total (4 countries)</b>	<b>540,000</b>	<b>40,500</b>	<b>580,500</b>	



The consolidated funding request for preparation of HPMPs being submitted to this meeting is as follows:

Country & Group	Funds Requested	Support Cost	Total
Group-1 (China)	1,568,500	117,638	1,686,138
Group-2 (8 countries)	3,610,000	270,750	3,880,750
Group-3 (14 countries)	3,320,000	249,000	3,569,000
Group-4 (11 countries)	1,975,000	148,125	2,123,125
<b>Total</b>	<b>10,473,500</b>	<b>785,513</b>	<b>11,259,013</b>

The detailed breakdown of funding requests for HPMP preparation in Group-2, 3 and 4 countries is attached in Annex-I and Annex-II.

**Note on justification of HPMP Preparation Funding Levels**

1. The evaluation of the funding requests needs to consider the following unprecedented challenges for HPMPs:
  - Requirements, explicit and implied, in the HPMP preparation guidelines (Decision 54/39 and supporting/related documentation), *especially those related to data collection, management and analysis, analysis of technology options which take into account climate impact, costing for multiple scenarios of eligibility, etc.*
  - The net time available for Article-5 countries to comply with the 2013 freeze and 2015 reduction, is only 3-5 years, requiring activities to be compressed them into a timeframe that has no precedent in CFC phase-out. Thus, the HPMP preparation process needs to account for this, and therefore needs to be completed in a short timeframe of 9-12 months. This would need efficient project management structures in place at the country level, much before actual implementation of HPMP activities commences.
  - The HPMP document needs to provide an implementable strategy and action plan. The phase-out challenges to meet the freeze in 2013 and 10% reductions in 2015 are far greater than those encountered for CFC phase-out. Moreover, the technology options for CFC replacement were already mature and available at least 4-5 years prior to the 1999 freeze commitment for CFCs. This is not the case with HCFCs. In terms of volumes, far larger quantities would need to be phase-out, just to meet the freeze – and this is context of a much higher growth rate in HCFC consumption experienced, as compared to the growth rates prevalent in CFC consumption in the previous decade and also in context of much lesser developed alternative technologies.
  - In view of the above, comparing HPMP preparation funding with that provided for CP/RMP/TPMPs (which were developed for different reasons, at different times, with distinctly less unfavorable circumstances) would be misleading. There are more reliable indicators for comparison available for estimating costs of HPMP preparation.

2. As an illustration, an analysis of historical approvals of project preparation funding for Brazil and India was carried out. It should be noted that only “PRP” activities were included – funding for country programme/update preparation (CPG) is excluded. The PRP funding includes all sectors and agencies.

In case of India, until 1999, a total of about US\$ 2.82 million was approved for preparation of CFC phase-out projects/activities which were to contribute to meeting the freeze in 1999 at the baseline level (6,681 ODP tonnes for India for CFCs). The actual phase-out that occurred in India from 1992 until 1999 (7 years) was in the range of 2,000 ODP tonnes. Since the ODP of CFCs is 1, the phase-out by volume is similar. In comparison, for HCFCs, India would need to phase-out around 6,000 metric tonnes of HCFCs to comply with the 2013 freeze, in a scenario of technology challenges and time constraints (3 years).

Similarly, for Brazil, until 1999, about US\$ 2.6 million were approved for preparation of CFC phase-out projects activities.

3. It is also very important to note that given the strategic framework of the Multilateral Fund, revised since 2001, it is unlikely that approval of any further requests for project preparation (after approval of HPMPs) would be forthcoming for compliance with the 2013 and 2015 control targets. Thus, these HPMP preparation requests would be the only opportunity for Article-5 countries to seek assistance for preparing for the 2013 and 2015 compliance.
4. It is strongly recommended that evaluation of HPMP preparation funding requests take into account the overall considerations as described above.

**ANNEX-I**  
**UNDP HPMP Preparation Budgets Breakdown For Group-2 Countries**

COUNTRY	ARG	BRA	COL	IND	IDS	IRA	MAL	MEX	
LEAD AGENCY	UNDP	UNDP	UNDP	UNDP	UNDP	UNDP	UNDP	UNIDO	
COOPERATING AGENCY	UNIDO	GERMANY		ALL		ALL		UNDP	
ACTIVITY	BUDGETS (US\$)								
<b>1. Initiation meetings off/for stakeholder consultation (2-day Stakeholder Workshop)</b>									
Meeting arrangements including venue, etc (sub-contract)	10,000	15,000	10,000	15,000	10,000	10,000	10,000	0	
Documentation and information materials (sub-contract)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0	
Office and communication expenses (sub-contract)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0	
Local travel and expenses for key stakeholders (airfare, DSA, TA)	15,000	40,000	15,000	25,000	15,000	15,000	15,000	0	
<b>Sub-total:</b>	<b>35,000</b>	<b>65,000</b>	<b>35,000</b>	<b>50,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>0</b>	
<b>2. Personnel and Operational Costs (Management and coordination)</b>									
Programme Manager (12 months)	60,000	50,000	30,000	40,000	30,000	30,000	30,000	0	
Program Assistant(s) (12 months)	15,000	20,000	15,000	40,000	15,000	15,000	15,000	0	
Operational expenses for programme personnel (12 months)	15,000	20,000	15,000	15,000	15,000	15,000	15,000	0	
National Experts (Avg. US\$ 200/work-day)	20,000	60,000	40,000	60,000	40,000	40,000	40,000	20,000	
International Experts (Avg. US\$ 500/work-day)	30,000	50,000	30,000	50,000	30,000	30,000	30,000	30,000	
Other experts from national technical and scientific institutions	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Operational expenses of experts (travel, DSA, TA, etc)	40,000	100,000	60,000	100,000	60,000	60,000	60,000	40,000	
<b>Sub-total:</b>	<b>195,000</b>	<b>315,000</b>	<b>205,000</b>	<b>320,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>105,000</b>	
<b>3. Information dissemination/industry interaction (Industry Interaction Workshops)</b>									
Documentation and information dissemination (sub-contract)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Interaction workshops one each for each Sector, including venue arrangements, office & communication expenses and local travel at US\$ 15,000 per workshop (sub-contract)	15,000	60,000	60,000	60,000	30,000	30,000	60,000	15,000	
<b>Sub-total:</b>	<b>20,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>35,000</b>	<b>35,000</b>	<b>65,000</b>	<b>20,000</b>	
<b>4. Data Collection and Analysis</b>									
Data collection from individual enterprises (to be physically carried out by a sub-contracted agency). HCFC consuming enterprises would need to be individually visited/contacted to obtain additional information at the level of detail required by 54/39. Estimated based on US\$ 25,000 minimum, plus net average cost of US\$100 per manufacturing enterprise and \$25 per servicing enterprise)	40,000	150,000	80,000	150,000	125,000	100,000	150,000	60,000	
Documentation and reporting including analysis	5,000	10,000	5,000	10,000	5,000	5,000	5,000	5,000	
<b>Sub-total:</b>	<b>45,000</b>	<b>160,000</b>	<b>85,000</b>	<b>160,000</b>	<b>130,000</b>	<b>105,000</b>	<b>155,000</b>	<b>65,000</b>	
<b>5. Draft Proposal, Stakeholder consultations and Finalization (2-day Stakeholder Workshop)</b>									
Meeting arrangements including venue, etc (sub-contract)	10,000	15,000	10,000	15,000	10,000	10,000	10,000	0	
Documentation and information materials (sub-contract)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0	
Office and communication expenses (sub-contract)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0	
Local travel and expenses for stakeholders (airfare, DSA, TA)	15,000	40,000	15,000	25,000	15,000	15,000	15,000	0	
<b>Sub-total:</b>	<b>35,000</b>	<b>65,000</b>	<b>35,000</b>	<b>50,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>0</b>	
<b>Total Cost</b>	<b>330,000</b>	<b>670,000</b>	<b>425,000</b>	<b>645,000</b>	<b>440,000</b>	<b>415,000</b>	<b>495,000</b>	<b>190,000</b>	
Agency Support Cost (7.5%)	24,750	50,250	31,875	48,375	33,000	31,125	37,125	14,250	
<b>Total Cost to MLF</b>	<b>354,750</b>	<b>720,250</b>	<b>456,875</b>	<b>693,375</b>	<b>473,000</b>	<b>446,125</b>	<b>532,125</b>	<b>204,250</b>	

**ANNEX-II**  
**UNDP HPMP Preparation Budgets Breakdown For Group-3 and 4 Countries**

COUNTRY		GROUP-3	GROUP-4
ACTIVITY		BUDGETS (US\$)	
<b>1. Initiation meetings off/for stakeholder consultation (Stakeholder Workshop)</b>			
	Meeting arrangements including venue, etc (sub-contract)	10,000	10,000
	Documentation and information materials (sub-contract)	5,000	5,000
	Office and communication expenses (sub-contract)	5,000	5,000
	Local travel and expenses for key stakeholders (airfare, DSA, TA)	10,000	10,000
	<b>Sub-total:</b>	<b>30,000</b>	<b>30,000</b>
<b>2. Personnel and Operational Costs (Management and Coordination)</b>			
	Programme Manager (12 months)	25,000	20,000
	Programme Assistant(s) (12 months)	15,000	10,000
	Operational expenses of programme personnel (12 months)	10,000	10,000
	National Experts (Avg. US\$ 200/work-day)	20,000	15,000
	International Experts (Avg. US\$ 500/work-day)	30,000	25,000
	Other experts from national technical and scientific institutions	5,000	5,000
	Operational expenses of experts (travel, DSA, TA, etc)	30,000	20,000
	<b>Sub-total:</b>	<b>135,000</b>	<b>105,000</b>
<b>3. Information dissemination/industry interaction (Industry Interaction Workshops)</b>			
	Documentation and information dissemination (sub-contract):	5,000	5,000
	Interaction workshops one each for each Sector, including venue arrangements, office & communication expenses and local travel at US\$ 10,000 per workshop (sub-contract)	10,000	10,000
	<b>Sub-total:</b>	<b>15,000</b>	<b>15,000</b>
<b>4. Data collection and Analysis</b>			
	Data collection from individual enterprises (to be physically carried out by a sub-contracted agency). HCFC consuming enterprises would need to be individually visited to obtain additional information at the level of detail required by 54/39. Estimated at a net average cost of US\$100 per manufacturing enterprise and \$25 per servicing enterprise) plus a US\$ 10,000 minimum (sub-contract)	30,000	20,000
	Documentation and reporting including analysis	5,000	5,000
	<b>Sub-total:</b>	<b>35,000</b>	<b>25,000</b>
<b>5. Draft Proposal, Stakeholder consultations and Finalization (Stakeholder Workshop)</b>			
	Meeting arrangements including venue, etc (sub-contract)	10,000	10,000
	Documentation and information materials (sub-contract)	5,000	5,000
	Office and communication expenses (sub-contract)	5,000	5,000
	Local travel and expenses for stakeholders (airfare, DSA, TA)	10,000	10,000
	<b>Sub-total:</b>	<b>30,000</b>	<b>30,000</b>
<b>Total Cost</b>		<b>245,000</b>	<b>205,000</b>
Agency Support Cost (7.5%)		<b>18,375</b>	<b>15,375</b>
<b>Total Cost to MLF</b>		<b>263,375</b>	<b>220,375</b>

**Notes:**

1. For countries in Group-3, where UNDP is not the lead agency, US\$ 110,000 is discounted.
2. For countries in Group-4, where UNDP is not the lead agency, US\$ 70,000 is discounted.



**ANNEX-III**  
**MDI Transitional Strategy – Armenia**

**PROJECT COVER SHEET**

<b>COUNTRY:</b>	ARMENIA	<b>IMPLEMENTING AGENCY:</b>	UNDP
<b>PROJECT NAME</b>	MDI Transition Strategy		
<b>PROJECT IN CURRENT BUSINESS PLAN</b>	YES		
<b>SECTOR COVERED</b>	MDI		
<b>PROJECT IMPACT</b>	0.0 ODP tons		
<b>PROJECT DURATION</b>	18 months		
<b>TOTAL PROJECT COST</b>	US\$ 30,000		
<b>LOCAL OWNERSHIP</b>	100 %		
<b>EXPORT COMPONENT</b>	N/A		
<b>REQUESTED GRANT</b>	US\$ 30,000		
<b>COST-EFFECTIVENESS</b>	Not Applicable – TAS		
<b>AGENCY SUPPORT COSTS</b>	2,250		
<b>STATUS OF COUNTERPART FUNDING</b>	N/A		
<b>NAT. COORDINATING AGENCY</b>	National Ozone Unit under the Ministry of Nature Protection of Armenia		
<b>PROJECT MONITORING MILESTONES INCLUDED</b>	Included in Document		
<b>BENEFICIARY ENTERPRISE</b>	Not Applicable		

***PROJECT SUMMARY***

Through this Technical Assistance approved by the Multilateral Fund for the Implementation of the Montreal Protocol, UNDP aims to assist the Government of Armenia to implement a project in MDI sector in order to develop a sound MDI transition strategy.

## **Submission background**

Taking into account the MTOC Assessment Report 2006 (published in March 2007) which emphasizes the following:

*“There is an urgent need for all Article 5(1) countries that have not already done so to develop effective national transition strategies in accordance with Decision XII/2. MTOC strongly recommends that these activities be made a priority to ensure a smooth transition to CFC-free alternatives by about 2010. Countries will need to set an end-date for transition that accounts for the Montreal Protocol phase-out schedule.”*

The current project document was specifically developed to demonstrate the need for the MDI transition strategy in Armenia (in line with decisions 45/54 and 51/34) and to provide the smooth MDI transition strategy.

The following reasons to have the MDI transition strategy were considered during the compilation of the required information:

- Ensure orderly transition to new products and most importantly ensure that the patients will have available equally effective alternative products at a reasonable cost (compared to CFC MDI products) and on time to guarantee that when the CFC MDI supply stops alternatives are sustainably available, registered and approved by the local regulatory entity. This includes possible contingency plans in case that registration and approval is a long process and there is a risk of a shortage of alternative products by the time CFC MDIs are out of the market.
- Facilitate the transition to new products by providing training and targeted awareness activities to ensure acceptance of the alternative products (in some cases they will be HFA MDI and in others DPI) by the patients and by the doctors
- Update the legislation to ensure that when the transition takes place no CFC MDI products will be imported and sold.

## **Part I. Situation analysis**

### **1. Asthma statistics and economic situation:**

The trends of medical inhalers imports are subject to the increasing demand. The number of cases of asthma and chronic obstructive pulmonary diseases (COPD) in the country, including tuberculosis, has been steadily increasing due to underfinancing of the health sector provided by the Government dictated by generally unstable economic conditions of the country.

#### **1.1. Number of patients with asthma and COPD:**

There is no specific statistics for COPD in Armenia, since it forms a part of general reporting on all types of bronchitis and pulmonary diseases, the number of patients suffering from asthma has shown a steady increase over the years. Compared to the base 2003, this number increased by 10% in 2007.

Years	Number of patients with asthma
2003	8,328
2004	8,623
2005	8,845
2006	9,000
2007	9,030

Conclusions:

- asthma statistics show an increasing trend from 2003 to 2007, and the data for COPD is not separately available and needs to be further analyzed
- the medical care system is not sufficiently financially supported due to general economic instability.

**2. National legislation:**

Armenia does not manufacture ODS and ODS-containing aerosol/inhaler-type products.

The national legislation that controls the activities in the sector does not specifically regulate import/export of CFC MDIs products. There is only one resolution that controls the imports of medical products (including CFC-MDIs) in Armenia – *The Government Resolution on the Approval of the Procedure of the Import/Export of Medicines and Medical Products of 20 September, 2000 N 581*. The regulation considers CFC MDIs during imports in bulk with other medicines/medical products.

Conclusions:

- Specific regulations which would control the use of CFC MDI are lacking

**2. Supply of anti-asthma/COPD inhalers and other medical products:**

Aerosol products containing CFCs for MDI applications are still being imported into the country. Although the statistics shows that the substitution of some CFC-based MDIs is ongoing, the country feels that there should be a coordination strategy for the gradual and informed phase-out of imported CFCs-based MDIs from the country market, including the appropriate supporting measures.

The situation with the supply of MDIs and their non-CFC equivalents in Armenia in brief can be described by the following factors:

- Both CFC MDIs, HFA MDIs are present on the market; DPI products are available in negligible quantities;
- HFA MDIs are being supplied on the market, generally exceeding 75% share of the market in 2005 and 2006. The share is dropping below 70% giving a way for CFC-based MDIs in 2007; Starting 2005, the sales of CFC-MDIs lost almost 9% in market share (data for 2007).
- While staying at 23% share compared to HFA-MDIs in 2005 and 2006, CFC MDIs imports reached 32% share of the market in 2007 showing an increase by almost 10% as compared to 2005;



The 2007 increase in the imports of CFC MDIs were dictated by its lower prices which resulted in higher demand in comparison to more expensive HFA MDIs. Thus, the importing companies after 2005-2006 made a market survey which proved that expensive HFA MDIs had an adverse economic effect on the purchase power of the population. This explains why in the year of 2006 and 2007 an increase of CFC MDIs can be observed. .

Main sources of CFC MDIs in Armenia are Poland and Russia which have been registered in the local market since 2003 (Poland) and 2005 (Russia). The other sources are India and Syria.

Country of CFC MDI origin in 2007	Sub-market shares for various sources (% of total)
Poland	58.3
Russia	33.3
Others	8.4
Total	100.0

GlaxoSmithKline-Poland is dominating the market (almost 60% of total) and reduces the imports of HFA-based MDIs in line with the less demand for more expensive products.

Conclusions:

- Imports HFA MDIs are not stable and decrease over 2005-2007 time scale;
- Imports of CFC-based MDIs slowly increase taking more than 30% of market share in 2007;
- Import of drugs by GlaxoSmithKline-Poland (major market supplier in Armenia) is sensitive to the purchase power and thus the company adjusted the import patterns in favor of CFC-based MDIs
- Actions are necessary to be taken to ensure that no further increases in import of CFC MDIs occur.

**3. Institutional capacity to control the transition :**

The Ministry of Health and the PharmInspection Company experienced problems during the compilation of the MDI consumption data, and multiple consultations with NOU- Armenia were required in order to manage the process in a coordinated manner. Institutional capabilities to proactively and knowledgably plan the imports of CFC and non-CFC MDIs for anti-asthma/COPD treatment in order to ensure more stable imports from predictable sources is lacking. A multi-year planning with a due consideration given to current developments on the market, purchase power and beneficial effects of HFA-MDIs and other products may not be considered as an established practice. When making a decision on selecting the MDI supply sources, due to bad economic conditions, it is traditional to consider cheaper sources, thus, adjusting the supplies to both the demand and current purchasing power.

Conclusions:

- The health authorities are not aware of the implications of the Montreal Protocol on the world production of CFC MDIs
- The imports system is sensitive to cheaper MDIs sources
- Taking into account future closure of more CFC MDI lines, need of some producers to evacuate stocks and possible lack of CFC pharmaceutical grade, more distortions in the market (in quantities, price and quality) are expected.

## Part II. MDI transition strategy

The national strategy on replacement of CFC-based MDI with alternatives should include the following:

- Better study and analysis of current MDI market consumption, supply sources and future trends in the context of the purchase power and non-CFC MDI solutions and their benefits;
- Analysis of alternative products and their effects and health benefits;
- Cooperation with the main importers and representatives of medical establishments towards organization and taking measures to shifting to affordable alternative medications, including timeframes for the import substitution and individual and group agreements with suppliers and distributors;
- Development of a multi-year national planning on imports and ensuring a smooth shift towards alternatives;
- Adopting a wide, informed and participatory decision-making process;
- Through training and targeted awareness activities, to increase confidence and ensure acceptance of the alternative products by the patients and by the doctors
- Extended and targeted work with asthma associations and delivering of trainings in yearly family-based financial planning to ensure better transition to HFA MDIs

Actions could include adjustments made to the legal framework, such as a modification of CFC Import Licensing System to include import of MDI and controlling MDI supplies under humanitarian aid.

### Budget for actions:

#### Planned expenditures

Description	US\$
National Consultant in MDIs	8,000
Technical assistance	8,000
Promotion, printing	6,000
Workshops	8,000
<b>Total</b>	<b>30,000</b>

### Monitoring Milestones

TASK	MONTH
(a) Project document submitted	1
(b) Project document signature	3
(c) Contracts Awarded	7
(d) Begin importers consultations efforts	9
(e) Training/Seminars	9
(f) Strategy developed	12
(g) HOP signature	18

**Imports of CFC, non-CFC MDIs and DPIs to Armenia (units).**

Nr. d/o	Product	Active Ingredient	Brand/Manufacturer/ Country	Technology/Years			
				(CFC - MDI/HFA- MDI/DPI)	2005	2006	2007
1	Astmopent aerosol 0,75 mcg/doze -20 ml/400 doaes in inhaler	Orciprenaline	Glaxo Smith Kline Pharmaceuticals SA, Poland	CFC-MDI	6000	4500	7000
2	Asthmerol aerosol 25 mcg/doze-120 dozes in inhaler	Salmeterol	KasparChabani Labs, Syria	CFC-MDI	350	400	500
3	Asthalin inhailor aerosol 100 mcg/doze-200 dozes in inhaler	Salbutamol	Cipla Ltd, India	CFC-MDI	570	650	700
4	Salbutamol inhailor aerosol 100 mcg/doze-200 dozes in inhaler	Salbutamol	Glaxo Smith Kline Pharmaceuticals SA, Poland	CFC-MDI	1000	1100	1200
5	Salbutamol inhailor aerosol 100 mcg/doze-12 ml bottle	Salbutamol	Altaivitaminy CJSC, Russia	CFC-MDI	3000	3500	4018
6	Serevent spray metered, 25mcg/doze-60 dozes in inhaler	Salmeterol	Glaxo Smith Kline Pharmaceuticals SA, Poland	CFC-MDI	0	0	2000
<b>Total</b>					<b>10920</b>	<b>10150</b>	<b>15418</b>
7	Salbutamol susp. for inhala.t presurizate 100 mcg/-200 doze	Salbutamol sulphate	Glaxo SmithKline Pharmaceuticals, Poland	Non CFC (HFA 134a)	18000	16500	16500
8	Flixotide 125 mcg/ 120 doze evohaler	Fluticasone propionate	Glaxo Smith Kline Pharmaceuticals SA, Poland	Non CFC (HFA 134a)	3500	2000	2030
9	Flixotide 50 mcg/ 120 doze evohaler	Fluticasone propionate	Glaxo Smith Kline Pharmaceuticals SA, Poland	Non CFC (HFA 134a)	1500	1690	1100
10	Flixotide 50 mcg/ 250 doze evohaler	Fluticasone propionate	Glaxo Smith Kline Pharmaceuticals SA, Poland	Non CFC (HFA 134a)	15000	13000	13000
<b>Total</b>					<b>38000</b>	<b>33190</b>	<b>32630</b>