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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-sixth Meeting
Doha, 8-12 November 2008

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral cooperation:

PROJECT TITLE	BILATERAL AGENCY
Terminal phase-out management plan for the phase-out of ODS in the refrigeration and air conditioning sector (second tranche) in Saint Lucia	Canada
Terminal phase-out management plan for Annex A Group I substances (second tranche) in Uruguay	Canada
Preparation of a HCFC phase-out management plan (refrigeration and air-conditioning servicing sectors) in India	Germany
Preparation of a HCFC phase-out management plan (technical assistance, refrigeration and air-conditioning servicing and foam sectors) in Islamic Republic of Iran	Germany
Terminal phase-out of methyl bromide in soil fumigation (first tranche) in Yemen	Germany
International methyl bromide compliance assistance workshop	Israel
Umbrella project for terminal phase-out of ODS in the solvent sector (second phase) in Congo, DR	Italy
National strategy for transition to non-CFC MDIs and plan for phase-out of CFCs in the manufacture of pharmaceutical MDIs in India	Italy
Phase-out of methyl bromide used as a soil fumigant in the production of green beans and cucurbits (first tranche) in Morocco	Italy
Terminal CTC phase-out project in Serbia	Italy
Phase-out of methyl bromide in horticulture: tomatoes, cucumbers, peppers and others (second tranche) in Libyan Arab Jamahiriya	Spain

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Note on the organization of the document

1. This document provides an overview of requests from bilateral agencies, and whether they are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2008. It cross-references relevant meeting documents that include a discussion on the bilateral requests, and also contains the standard recommendation on the year of assignment of bilateral cooperation, as a general recommendation at the end of the document.

2. There are three requests that are fully addressed in this document. Two are from the Government of Germany for the preparation of the HCFC refrigeration and air-conditioning servicing sector plans for India and for the Islamic Republic of Iran that covers also foam systems houses, and one from the Government of Israel on the International methyl bromide compliance assistance workshop.

Introduction

3. A total of eleven requests for bilateral cooperation with a value of US \$4,338,708 (including agency fees) have been received by the Secretariat for approval at the 56th Meeting. This document presents, by bilateral agency, those projects that are before the Executive Committee for its consideration.

4. Table 1 provides a summary of the value and number of requests by bilateral agency.

Table 1

VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY BILATERAL AGENCY (including agency fees)

Bilateral Agency	Total Amount Requested (US \$)	Number of Projects
Canada	102,830	2
Germany	757,517	3
Israel	114,356	1
Italy	2,799,005	4
Spain	565,000	1
TOTAL	4,338,708	11

REQUEST FROM THE GOVERNMENT OF CANADA

Introduction

5. Table 2 provides a summary of the request for bilateral co-operation from the Government of Canada. The value of this request (US \$102,830) in addition to projects approved at the 54th and 55th Meetings (US \$855,152) exceeds 20 per cent of Canada’s contribution for 2008 (US \$940,073) by US \$17,909, however Canada did not exceed its allocation for the 2006 - 2008 triennium and therefore has sufficient remaining funds to cover both projects.

Table 2

SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Terminal phase-out management plan for the phase-out of ODS in the refrigeration and air conditioning sector (second tranche)	Saint Lucia	49,000	(1)
Terminal phase-out management plan for Annex A Group I substances (second tranche)	Uruguay	42,000	(2)
Agency Fee		11,830	
TOTAL		102,830	

(1) UNEP/OzL.Pro/ExCom/56/46

(2) UNEP/OzL.Pro/ExCom/56/54

SAINT LUCIA: Terminal phase-out management plan for the phase-out of ODS in the refrigeration and air conditioning sector (second tranche) (US \$49,000)

6. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/56/46.

URUGUAY: Terminal phase-out management plan for Annex A Group I Substances (second tranche) (US \$42,000)

7. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/56/54.

REQUEST FROM THE GOVERNMENT OF GERMANY

Introduction

8. Table 3 presents a summary of the request for bilateral co-operation projects from the Government of Germany. The value of this request (US \$757,517) if added to the amount of (US \$8,492,796) that had been already approved for 2006-2008, exceeds Germany's bilateral contribution level for the triennium. The maximum level of additional projects that can be considered for approvals at the 56th Meeting is US \$191,436, if Germany is not to exceed its 20 per cent maximum level of bilateral contributions for the 2006-2008 triennium.

Table 3

SUBMISSION FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Preparation of a HCFC phase-out management plan (refrigeration and air-conditioning servicing sectors)	India	211,270	(*)
Preparation of a HCFC phase-out management plan (technical assistance, refrigeration and air-conditioning servicing and foam sectors)	Islamic Republic of Iran	258,250	(*)
Terminal phase-out of methyl bromide in soil fumigation (first tranche)	Yemen	201,450	(1)
Agency Fee		86,547	
TOTAL		757,517	

(*) Individual consideration / pending.

(1) UNEP/OzL.Pro/ExCom/56/55

INDIA: Preparation of a HCFC phase-out management plan (refrigeration and air-conditioning servicing sectors) (US \$211,270)

Project description

9. This submission is part of that received from UNDP as lead agency for a package proposal for the preparation of an HCFC phase out management plan for India for which Germany, as a cooperating agency, is requesting US \$211,270 plus support costs for the preparation of a strategy for the refrigeration and air conditioning sector.

10. In the detailed proposal submitted for this request, Germany points out its main objective which is to develop a strategy in the after sales of the refrigeration and air conditioning equipment covering its use, replacement and disposal. It will develop interventions looking at servicing maintenance, training in good practice, recovery and recycling, end user incentive programmes for possible retrofits, as well as technical assistance to support policy regulation and monitoring. Germany also mentioned that it will draw upon lessons learned in the implementation of the activities for the servicing sector for CFC consumption in India, for which it was the lead agency, to fully implement the project within the HPMP.

Fund Secretariat's comments

11. At the 55th Meeting, the Executive Committee agreed on standard costs for funding the preparation of HCFC phase out management plans (HPMPs). For countries with HCFC consumption between 120-1,200 ODP tonnes and with a manufacturing sector such as India, the country is entitled to funding of US \$195,000 to cover the full development of an HPMP strategy excluding costs for the manufacturing sector.

12. Based on the agreements and discussions during the 55th Meeting, there was an understanding that the first part of the strategy, excluding the manufacturing sector which is covered under decision 55/13(d), will address all components of the HPMP that are non-investment activities to enable the country to meet the HCFC control measures in 2013 and 2015 under Stage 1 of the plan. This includes the servicing sector, as embodied in the HPMP guidelines approved at the 54th Meeting. The specific request

of Germany for the servicing sector would therefore fall within the amount agreed for the first part of the HPMP preparation which is US \$195,000 that is being requested by UNDP as lead agency.

13. In discussions with the lead agency, it was confirmed that, because of the size of the country as well as the challenges posed by the servicing sector, a separate project preparation funding for this sub-sector will be required to enable the country to meet its HCFC compliance objectives. The agency also confirms that this will cover the full requirements for Stage 1 of this sub-sector in the country, and no further preparation funds will be sought for this in future.

Fund Secretariat's recommendation

14. The Secretariat is unable to recommend Germany's request for funding for the refrigeration servicing sector in India as these activities are already embodied in the HPMP preparation funding of US \$195,000 being requested by UNDP.

ISLAMIC REPUBLIC OF IRAN: Preparation of an HCFC phase-out management plan for the refrigeration and air conditioning servicing sector as well as a sector plan for the foam sector (system houses) (US \$258,250)

Project description

15. The submission is part of that received from UNDP as lead agency for a package proposal for the preparation of an HCFC phase out management plan for the Islamic Republic of Iran, for which Germany, as a cooperating agency, is requesting a total of US \$258,250 plus agency support costs to cover the preparation of a technical assistance project for the refrigeration and air conditioning servicing sector. This request also includes the preparation of a sector plan for the phase out of HCFCs in the foam sector for systems houses.

16. Germany's submission in support of the requested funds for project preparation, indicates that the servicing sector comprises of a large number of small and scattered enterprises. The reported consumption in the refrigeration sector for 2005 is 72.1 ODP tonnes, with a predicted annual growth of 10 per cent from 2006 to 2010 and 7.5 per cent annually from 2011 to 2013. Based on these estimates, it is important that the consumption and growth of HCFCs in this sub-sector is controlled through the introduction of containment, leakage control, retrofit and replacement activities in the country, especially in the commercial refrigeration sector. The submission also provides details on the specific elements and components that will be considered in the preparation process.

17. In the case of the foam sector foam applications, particularly in specific rigid foams for insulation and integral skin foams for the car industry, are using HCFC 141b in their processes. It is estimated that there are 70 enterprises and 5 systems houses that will be affected by the HCFC phase-out. The proposal indicates that in order to better control consumption and growth of HCFCs in the foam sector it is important to develop a sector strategy for long term replacement of existing production. The submission also provides details on the specific elements and components that will be considered in the preparation process. It mentions that the preparation will include a review of all existing data and surveys, complete existing inventories of enterprises, their HCFC consumption products and practices, carry out visits on-site and evaluate installations, develop and integrate a national database, analyze findings, review options and alternatives, consult with stakeholders and draft a final strategy for the HCFC phase-out in the foam sub sector.

Fund Secretariat’s comments

- 18. The comments of the Secretariat in paragraphs 11 and 12 above also apply to this request.
- 19. With regards to the request for the preparation of a sector plan for the foam sector, any recommendation on this will depend on the discussions under agenda item 7(b) that will define the cost structure for project preparation for investment projects as part of the HPMP preparation.
- 20. In discussions with Germany as well as with the lead agency, it was confirmed that actions in both foam and refrigeration sectors are required for the country to meet the 2013 and 2015 control measures on HCFC’s. The agencies advised that this will cover the full requirements for Stage 1 for these two sectors in the country, and no further preparation funds will be required for this in future.

Fund Secretariat’s recommendation

- 21. The Secretariat is unable to recommend Germany’s request for funding for the refrigeration servicing sector in the Islamic Republic of Iran as these activities are already embodied in the HPMP preparation funding of US \$195,000 being requested by UNDP.
- 22. With regards to the request for preparation funding for the foam sector, this is pending discussion on agenda item 7(b).

YEMEN: Terminal phase-out of methyl bromide in soil fumigation (first tranche) (US \$201,450)

- 23. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/56/55.

REQUEST FROM THE GOVERNMENT OF ISRAEL

Introduction

- 24. Table 4 presents a summary of the request for bilateral co-operation from the Government of Israel. The value of this request (US \$114,356). Israel does not exceed 20 per cent of Israel’s contribution for 2008 (US \$156,066).

Table 4

SUBMISSION FROM THE GOVERNMENT OF ISRAEL AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
International methyl bromide compliance assistance workshop	Global	101,200	(*)
Agency Fee		13,156	
TOTAL		114,356	

(*) Individual consideration / pending

GLOBAL: International methyl bromide compliance assistance workshop (US \$101,200)Project description

25. The Government of Israel has submitted a project proposal for an international methyl bromide (MB) compliance assistance workshop to the 56th Meeting of the Executive Committee, at a total cost of US \$101,200 plus agency support costs of US \$13,156.

26. The project proposal covers a 14-day workshop in Israel for Article 5 countries that require assistance in phasing out MB and have not yet received any substantial assistance from the Multilateral Fund. The workshop will make Israeli experience in development and implementation of MB alternatives available to representatives of these countries through a combination of lectures, discussions and field visits. It will begin with presentations of problem areas by country and is intended to result in the formulation of country and region specific strategies for achieving the phase-out of MB. The workshop will also discuss an early monitoring and evaluation mechanism for technical problem areas generated by full-scale application of MB alternatives in the context of an integrated pest management approach. Future issues requiring specific bilateral assistance will be identified and formulated for further interaction, networking and implementation. Up to 3 participants from each country will be invited to attend, in order to encourage inter-disciplinary collaboration from the outset.

27. The estimated time for project implementation is three months.

Secretariat's comments

28. Noting that this is the second project submitted by the Government of Israel as a bilateral contribution to the Multilateral Fund, the Secretariat briefly explained the procedure established by the Executive Committee for submission of project proposals, and provided a succinct overview of the MB investment projects, technical assistances programmes and training activities that have been approved so far by the Committee.

29. In regard to the proposal submitted to the 56th Meeting, discussions focused on the list of potential Article 5 countries that would most benefit from the workshop, taking into consideration the limited assistance they have received to completely phase out their MB consumption. As a result of these discussions, the Government of Israel revised the proposal by including prospective participating Article 5 countries (i.e. eight) with reported MB baseline consumption which have not yet received any assistance from the Fund as well as other countries with remaining MB consumption eligible for funding. It also proposed to include among the participants experts from the implementing agencies working on MB phase-out projects.

30. Upon a request for justification of the proposed workshop, given the number of MB phase-out projects and activities already approved, the Government of Israel pointed out that the preparation of this workshop relies on previous experience gathered through two international MB workshops held in 2002 and 2005. Participants at those workshops indicated that the training component was the weak link in the MB phase-out process of their countries. This perception was further confirmed in the field by Israeli experts who participated in demonstration and investment projects for MB phase-out in Article 5 countries. Furthermore, based on the experience in non-Article 5 countries, major technical issues appear after MB alternatives are introduced on a large scale (i.e., secondary pathogens, the appearance of new pathogens and pathogens resistant to MB alternatives). Training is necessary to cope with these new and complex technical problems generated by MB phase-out, in order to maintain exposure to the right methodologies. Article 5 countries need to train their agricultural technical staff to address the problem areas generated by MB phase-out.

31. The Secretariat also asked whether the Government of Israel could consider, in lieu of the international workshops, submitting a more specific technical assistance programme to phase out MB consumption in one Article 5 country, or participating in the implementation of an investment project with another agency. On this issue, the Government of Israel indicated that the Inter-ministerial Steering Committee will consider specific technical assistance projects on a bilateral basis with some of the countries participating in the workshop, or with other countries, following consultation with representatives of the implementing agencies, once the workshop has taken place.

32. The Secretariat also sought advice from UNIDO that had participated in the international MB workshop held in 2003. UNIDO indicated that the workshop was very professional, demonstrating technologies and practical solutions adjusted to the actual needs of Article 5 countries. Israel has developed different MB alternative technologies that have been applied in many countries, such as solarization, grafting and the use of heat for treatment of dates. UNIDO also pointed out that companies in Israel have participated in bidding for the procurement of different equipment items which are used in horticulture (i.e., the greenhouses installed in Guatemala and Honduras and some plastics for the project in Croatia were provided by Israel).

33. The Secretariat notes that of the US \$98,300 approved by the Executive Committee at its 37th Meeting for a similar activity by the Government of Israel, US \$64,177 was returned to the Fund.

Secretariat's recommendations

34. The Executive Committee may wish to approve the above project at a cost of US \$101,200 plus agency support costs of US \$13,156.

REQUEST FROM THE GOVERNMENT OF ITALY

Introduction

35. Table 5 presents a summary of the request for bilateral co-operation from the Government of Italy. The value of this request (US \$2,799,005) in addition to projects approved at the 54th Meeting (US \$1,120,000) does exceed 20 per cent of Italy's contribution for 2008 (US \$1,632,512). However since Italy did not exceed its maximum level of bilateral contribution for the 2006-2008 triennium, funds are available to meet Italy's request. Also, Italy did submit its business plan for 2006, 2007 and 2008.

Table 5

SUBMISSION FROM THE GOVERNMENT OF ITALY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Umbrella project for terminal phase-out of ODS in the solvent sector (second phase)	Congo, DR	144,220	(1)
National strategy for transition to non-CFC MDIs and plan for phase-out of CFCs in the manufacture of pharmaceutical MDIs	India	2,000,000	(2)
Phase-out of methyl bromide used as a soil fumigant in the production of green beans and cucurbits (first tranche)	Morocco	310,000	(3)
Terminal CTC phase-out project	Serbia	49,324	(4)
Agency Fee		295,461	
TOTAL		2,799,005	

(1) UNEP/OzL.Pro/ExCom/56/27

(2) UNEP/OzL.Pro/ExCom/56/34

(3) UNEP/OzL.Pro/ExCom/56/39

(4) UNEP/OzL.Pro/ExCom/56/48

REQUEST FROM THE GOVERNMENT OF SPAIN

Introduction

36. Table 6 presents a summary of the request for bilateral co-operation from the Government of Spain. The value of this request (US \$565,000) in addition to projects approved at the 54th Meeting (US \$166,562) does not exceed 20 per cent of Spain’s contribution for 2008 (US \$842,156).

Table 6

SUBMISSION FROM THE GOVERNMENT OF SPAIN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Phase-out of methyl bromide in horticulture: tomatoes, cucumbers, peppers and others (second tranche)	Libyan Arab Jamahiriya	500,000	(1)
Agency Fee		65,000	
TOTAL		565,000	

(1) UNEP/OzL.Pro/ExCom/56/36

SPAIN: Phase-out of methyl bromide in horticulture: tomatoes, cucumbers, peppers and others (second tranche) (US \$500,000)

The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/56/36.

GENERAL RECOMMENDATION

37. The Executive Committee may wish:

- (a) To request the Treasurer to offset the costs of the bilateral projects approved at the 56th Meeting as follows:
 - (i) US \$102,830 (including agency fees) against the balance of Canada’s bilateral contribution: US \$17,909 in 2007 and US \$84,921 in 2008;
 - (ii) US \$114,356 (including agency fees) against the balance of Israel’s bilateral contribution for 2008;
 - (iii) US \$2,799,005 (including agency fees) against the balance of Italy’s bilateral contribution: US \$1,290,028 in 2006, US \$764,499 in 2007 and US \$512,512 in 2008;
 - (iv) US \$565,000 (including agency fees) against the balance of Spain’s bilateral contribution in 2008.
- (b) To request the Treasurer not to offset more than US \$191,436 (including agency fees) against the balance of Germany’s bilateral allocation for Germany not to exceed its 2006 – 2008 allocation.
