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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-seventh Meeting
Montreal, 30 March-3 April 2009

PROJECT PROPOSAL: NEPAL

This document consists of the comments and recommendation of the Fund Secretariat on the following project proposal:

Phase-out

- Terminal phase-out management plan (second tranche)

UNEP/UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Nepal

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNDP, UNEP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2007
CFC: 0	CTC: 0.1	Halons: 0	MB: 0	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2007		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Serviceing					QPS	Non QPS		
CFC													0.
CTC													0.
Halons													0.
Methyl Bromide													0.
Others													0.
TCA													0.

(IV) PROJECT DATA			2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	4.1	4.1	4.1	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC	4.1	4.1	4.	0.	
Project Costs (US\$)	UNDP	Project Costs	75,000.	25,000.			100,000.
		Support Costs	6,750.	2,250.			9,000.
	UNEP	Project Costs	35,000.	35,000.			70,000.
		Support Costs	4,550.	4,550.			9,100.
Total Funds Approved in Principle (US\$)		Project Costs	110,000.	60,000.			170,000.
		Support Costs	11,300.	6,800.			18,100.
Total Funds Released by the ExCom (US\$)		Project Costs	110,000.	0.			110,000.
		Support Costs	11,300.	0.			11,300.
Total Funds Requested for Current Year (US\$)		Project Costs			60,000.		60,000.
		Support Costs			6,800.		6,800.

(V) SECRETARIAT'S RECOMMENDATION:	FOR BLANKET APPROVAL
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PROJECT DESCRIPTION

1. On behalf of the Government of Nepal, UNEP as the lead implementing agency has submitted to the 57th Meeting of the Executive Committee a progress report on the implementation of the first work programme of the terminal phase-out management plan for CFCs (TPMP). UNEP has also submitted a request for funding for the second work programme at a total cost of US \$35,000 plus agency support costs of US \$4,550 for UNEP and US \$25,000 plus agency support costs of US \$2,250 for UNDP.

Background

2. The TPMP for Nepal was approved in principle by the Executive Committee at its 52nd Meeting at the amount of US \$170,000 plus agency support costs of US \$9,100 for UNEP and US \$9,000 for UNDP, to completely phase-out CFC consumption in the country by 2009. At the same meeting, the Executive Committee approved US \$35,000, plus agency support costs of US \$4,550 for UNEP and US \$75,000 plus agency support cost of US \$6,750 for UNDP for the implementation of the first work programme.

3. At the 55th Meeting, UNEP had submitted a request for the second tranche for Nepal. In decision 55/38, the Executive Committee decided to defer the approval of the requested tranche until more substantive progress has been achieved in the implementation of the activities under the TPMP.

Progress report on the implementation of the first tranche of the TPMP

4. The main activities implemented since the approval of the TPMP (up to the end of 2008) included the completion of three refrigeration training workshops in January, September and October 2008 resulting in 97 technicians trained including one train-the-trainers course for refrigeration technicians for Hydro-Carbon (HC) retrofitting. With assistance from UNEP, the Government also completed a workshop on the MDI transition strategy during the period. The project also included a Green Customs workshop, and dialogues and discussions with various stakeholders have been initiated, as well as some awareness raising activities.

5. The report provided an update on the status of the technical assistance and equipment support component as well as the technical assistance for the incentive programme for end-users which are being implemented by UNDP. There was no clear indication that the equipment had already been purchased and distributed, but only that the bidding process was initiated. With regards to the incentive programme, the report only refers to the start of the design of the process for the management of the programme, and does not indicate whether the programme has already commenced. The report does mention that the official project document between Nepal and UNDP has been signed signifying some progress with the implementation of activities under these two components in the country.

6. At the end of 2008, the project had a remaining balance of US \$77,000 which will be carried over into 2009 to implement the remaining activities from the first tranche.

Plan of action for the second tranche of the TPMP

7. The Government of Nepal commits to implementing a number of activities under the second work programme of the TPMP. These include the implementation of the final batch of training for refrigeration technicians and customs officers, the full implementation of the end-user retrofit and equipment programme as well as public awareness and information dissemination to stakeholders. Monitoring and management of these activities are also covered in the TPMP.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. Nepal does not import new CFCs because there is a current stockpile (seized import) in the country which was a result of excess imports in one year. In 2008, Nepal released 4.0 ODP tonnes from the seized CFCs as per the agreement.

9. At the 55th Meeting, one of the main areas noted where progress was slow was the technical assistance component which had not yet been initiated at that time. As described in the report, the project document between UNDP and the Government had not been finalised yet and therefore no activity in respect of this component was implemented.

10. The current report describes the progress of this component only in relation to the signature of the project document. This is significant as it shows that UNDP, the agency responsible for the implementation of this component, can now initiate activities in the country. The report further states that the specifications of the equipment have been finalised, and that procurement is being done. However, during the period covered by the report which is up to the end of 2008, this equipment had not yet been delivered, distributed or used in the country. In seeking clarification with UNEP, as lead agency, the Secretariat was informed that delivery is not expected until mid-2009. The Secretariat had already noted at the 55th Meeting that part of the equipment component was to support the training component with tools for service technicians and workshops, as well as for the training centres. It also noted that training was organised and implemented without this important component being available. UNEP explained that the training needed to be done so as not to delay implementation of activities in the country. The Secretariat therefore notes the need for closer coordination between the two project components in order to ensure more efficient and effective delivery of the activities to be implemented.

11. The Secretariat further noted that there is also little progress in the incentive programme for end-users except for initial discussions on a mechanism to implement it. As of this writing, this programme has not yet provided the approach for the proposed incentives to retrofit equipment as planned, however, training on retrofitting has been organised and completed.

12. For the second tranche of the TPMP, the Government of Nepal is requesting US \$60,000 for implementation of the remaining training activities including the logistical arrangements for training, as well as the procurement of the remaining equipment planned for this tranche. The Secretariat requested UNEP to include in this annual implementation plan activities carried over from the previous tranche and state how these will be implemented. The Secretariat also requested UNEP to provide detailed information on the proposed activities that Nepal will take into consideration if a possible excess of CFC stock remains in the country after 2010 resulting from what will remain after the country has used up its allowable consumption in 2009.

13. The Secretariat also suggested that UNEP and UNDP consider in the proposal the review of ODS regulations and actions leading to the control of HCFCs and HCFC-based equipment according to the phase-out schedule agreed at the Nineteenth Meeting of the Parties and the availability of alternative technologies.

14. Taking into account the information provided by UNEP in the progress report and the data in the multi-year tables, the Secretariat notes that while additional training activities have been undertaken, the equipment component continues to show very slow progress in implementation. The remaining funds from the previous tranche as at this submission represent seventy percent of those approved (US \$77,000).

15. The Secretariat discussed the above issues with UNEP as the lead agency, and requested that a detailed action plan be submitted in particular, for the completion of the equipment component, to provide specific information on the activities that are being carried out during the first quarter of 2009 as indicated in their report. UNEP, on behalf of UNDP, submitted this detailed action plan, which was reviewed by the Secretariat and is considered to be a comprehensive plan for the completion of the equipment component activities as well as the incentive programme for 2009. The plan envisages a delivery of the equipment by the end of the first quarter of 2009, and the implementation of the incentive programme with beneficiaries identified on a monthly basis starting as soon as possible.

RECOMMENDATION

16. The Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of the terminal phase-out management plan in Nepal for the years 2007 and 2008; and
- (b) Approves the 2009-2010 annual implementation programme.

17. The Secretariat further recommends blanket approval of the second tranche for the TPMP for Nepal with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan (second tranche)	35,000	4,550	UNEP
(b)	Terminal phase-out management plan (second tranche)	25,000	2,250	UNDP
