



**United Nations
Environment
Programme**



Distr.
GENERAL

UNEP/OzL.Pro/ExCom/58/23
4 June 2009

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-eighth Meeting
Montreal, 6-10 July 2009

UNIDO'S WORK PROGRAMME AMENDMENTS FOR 2009

COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. UNIDO is requesting approval from the Executive Committee of US \$ 2,080,823 for amendments to its 2009 Work Programme, plus agency support costs of US \$156,062

2. The activities proposed in UNIDO's Work Programme Amendments are presented in Table 1 below:

Table 1: UNIDO's Work Programme Amendments

Country	Activity/Project	Amount Requested (US \$)	Amount Recommended (US \$)
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL			
A1. Additional Project preparation for HCFC phase-out management plans (HPMP):			
Algeria	Additional fund for HCFC phase-out management plans	65,000	65,000
Cameroon	Additional fund for HCFC phase-out management plans	65,000	65,000
	Subtotal for A1:	130,000	130,000
A2. Project preparation of HPMP (investment component):			
Islamic Republic of Iran	Preparation for investment activities in room air-conditioning and compressors sector	45,000	45,000
Mexico	Preparation for investment activities in refrigeration manufacturing, solvent and aerosol sectors	250,000	250,000
Nigeria	Preparation for investment activities in refrigeration manufacturing sector	50,000	50,000
Syrian Arab Republic	Preparation for investment activities in refrigeration manufacturing sector	60,000	60,000
Thailand	Preparation for investment activities in solvent in air conditioning, solvent and XPS foam sectors	130,000	130,000
Tunisia	Preparation for investment activities in PU foam sector	65,000	65,000
Turkey	Preparation for investment activities in PU foam and manufacturing sector	300,000	300,000
	Subtotal for A2:	900,000	900,000
A3. Preparation for Methyl Bromide			
Iraq	Project preparation for the phase-out of methyl bromide in fumigants	40,000	40,000
	Subtotal for A3:	40,000	40,000
SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION			
B1. Renewal of institutional strengthening projects:			
Mexico	Renewal of institutional strengthening project (Phase IX)	247,000	*
Syrian Arab Republic	Renewal of institutional strengthening project (Phase IV)	203,823	*
Turkey	Renewal of institutional strengthening project (Phase IV)	260,000	*
	Subtotal for B1:	710,823	*
B2. Technical Assistant:			
Global	Resource mobilization to address climate co-benefits in HCFC phase-out	300,000	*
	Subtotal for B2:	300,000	
Total for sections A and B		2,080,823	1,070,000
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):		156,062	80,250
Total:		2,236,885	1,150,250

*Project for individual consideration or pending.

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL**A1. Additional Project preparation for HCFC phase-out management plans:**

Algeria: Additional funding for HCFC phase-out management plans: US \$65,000

Cameroon: Additional funding for HCFC phase-out management plans: US \$65,000

Project description

3. UNIDO submitted requests for additional project preparation funds amounting to US \$65,000 each for Algeria and Cameroon respectively, that had funds approved for HPMP preparation at the 55th Meeting of US \$85,000 each. The request is being submitted since both countries reported Article 7 data for 2007 that shows consumption of HCFC-141b in addition to their HCFC-22 consumption.

Fund Secretariat's comments

4. The Secretariat notes that these submission are in line with decision 56/16 where countries that had only HCFC-22 consumption could submit requests for additional funding for HPMP preparation if data shows that there is consumption of HCFC-141b or other HCFCs used for manufacturing. The Article 7 data for 2007 reported by these two countries as seen below supports this request:

Country	Article 7 HCFC consumption (2007) (ODP tonnes)		
	HCFC-22	HCFC-141b	Total
Algeria	6.6	5.5	12.1
Cameroon	8.8	2.79	10.2

Fund Secretariat's recommendation

5. The Fund Secretariat recommends blanket approval of the requests for additional funding for the preparation of HCFC phase-out management plans for Algeria and Cameroon at the level of funding shown in Table 1 above.

A2. Additional Project preparation for HPMP investment component

Islamic Republic of Iran	Preparation for HPMP investment activities (room air-conditioning and compressors sector)	45,000
Mexico	Preparation for HPMP investment activities (refrigeration manufacturing, solvent and aerosol sectors)	250,000
Nigeria	Preparation for HPMP investment activities (refrigeration manufacturing sector)	50,000
Syrian Arab Republic	Preparation for HPMP investment activities (refrigeration manufacturing sector)	60,000
Thailand	Preparation for HPMP investment activities (solvent in air conditioning, solvent and XPS foam sectors)	130,000
Tunisia	Preparation for HPMP investment activities (PU foam sector)	65,000
Turkey	Preparation for HPMP investment activities (PU foam and manufacturing sectors)	300,000

Project description

6. UNIDO requested additional funds for the preparation of investment activities for seven countries listed above that have already had approved HPMP preparation funding. In their submission, UNIDO provided basic information about the country's HCFC consumption and sectors where HCFCs are used, and how these sector plans will link to a comprehensive HPMP in particular for countries where implementation is being shared by more than one agency. The information supporting each of the requests is presented in UNIDO's work programme amendment attached to this document.

Secretariat's comments

7. The Secretariat reviewed UNIDO's submission in detail and sought clarification where necessary. In its review, the Secretariat found that the information submitted by UNIDO for each of the countries listed above and the funding requested is consistent with that required in decision 56/16. It also notes in particular that UNIDO has consulted with other agencies for those countries where they are collaborating in the HPMP preparation process for some countries, and that there is a clear understanding on the division of responsibilities for each agency.

Secretariat's recommendation

8. The Secretariat recommends blanket approval for the requests for the preparation of the investment activities of the HPMP in Iran, Mexico, Nigeria, Syrian Arab Republic, Thailand, Tunisia and Turkey, at the level of funding indicated in Table 1 of this document.

A3. Preparation for Methyl Bromide

Iraq: Project preparation for the phase-out of methyl bromide in fumigants: US \$40,000

Project description

9. On behalf of the Government of Iraq, UNIDO submitted a request for project preparation for the phase out of methyl bromide in Iraq. The project aims to phase out all methyl bromide consumption in the country by 2015. UNIDO indicated that these requested funds will be used to prepare the national methyl bromide phase out plan for the country and that no additional preparation funds will be requested for this sector in the future.

Secretariat's comments

10. UNIDO is submitting to this meeting the National Phase out Plan (NPP) for Iraq. The plan indicates that methyl bromide is not included in the activities proposed as the Government has indicated its need to prioritize the phase-out of CFCs considering the short time that the country has to meet compliance.

11. In its submission, UNIDO has indicated that according to a survey recently conducted at the national level, as part of the NPP preparation, the consumption of methyl bromide for controlled uses in the last three years was an average of 10.67 ODP tonnes. Methyl bromide is used in the post-harvest treatment of palm dates and in soil fumigation. UNIDO indicates that there may be other post harvest uses of methyl bromide for the treatment of commodities, and some small consumption in the production of vegetables that could be identified during the project preparation exercise.

12. In discussing this project with UNIDO, the Secretariat was informed that these project preparation funds being sought will prepare the overall plan to phase out methyl bromide before 2015.

Secretariat's recommendations

13. The Fund Secretariat recommends blanket approval for this funding request at the level indicated in Table 1 of this document, on the condition that the resulting national phase out plan constitutes the final phase out for methyl bromide in Iraq, and that no additional project preparation funds for methyl bromide projects will be approved for the country.

SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION**B1. Renewal of institutional strengthening projects:**

Mexico (Phase IX): US \$247,000

Syrian Arab Republic (Phase IV): US \$203,823

Turkey (Phase IV): US \$260,000

Project description

14. UNIDO submitted the requests for the renewal of the institutional strengthening projects for Mexico, Syrian Arab Republic and Turkey as listed above. The descriptions of the request for these countries are presented in Annex I to this document.

Secretariat's comments

15. The Fund Secretariat reviewed the IS terminal reports and action plans submitted by UNIDO on behalf of these countries to support the renewal requests, and found the reports to be in order and consistent with the requirements for such projects. All these countries are in full compliance with the targets of the Montreal Protocol for 2007, and data submitted under country programme reporting for 2008 shows the same compliance levels for this year. These submissions fully support the requests of these countries for the IS renewal for two years, as per usual practice.

16. At the 57th Meeting, the Executive Committee decided in decision 57/36(b) to, *inter alia*, "continue to fund requests for the renewal of IS projects up to the end of December 2010 at current levels pending final resolution of the matter by the Executive Committee at its 58th Meeting". The Secretariat also notes that the re-issued paper for Funding IS beyond 2010 (UNEP/OzL.Pro/ExCom/58/48) will be discussed under agenda item 10. In view of this, the Secretariat seeks the Committee's guidance whether these requests for renewals could be funded for the full two years as per the usual practice following current funding levels, considering that the completion dates of the requested phase go beyond December 2010.

17. With regard to the IS renewal for Turkey, the Secretariat notes the request by the Government of Turkey to transfer the institutional strengthening project from the World Bank to UNIDO, with the renewal request submitted to this meeting.

Secretariat's recommendation

18. The Executive Committee may wish to consider these requests in the light of decision 57/36(b). Once approved, the Executive Committee may also wish to express to the Governments of these countries the comments which appear in Annex I to this document.

B2. Technical Assistance

Global: Resource mobilization for HCFC phase-out and climate co-benefits: US \$300,000

Project description

19. UNIDO submitted a request to the 57th Meeting for a technical assistance project for mobilizing resources to maximize climate benefits of HCFC phase-out, at a funding level of US \$300,000. This request is being resubmitted by UNIDO for the consideration of this meeting. The proposal includes a concept note describing the objectives, activities, as well as expected results of this project.

20. According to the proposal, the project will develop concepts and methodologies to calculate the additional costs to be borne by the Multilateral Fund, which may correspond to the introduction of alternatives or practices that generate climate co-benefits. Such additional costs may be mostly related to the improvements in energy performance during manufacturing and subsequently bring about a higher energy efficiency of equipment during operation. The study will explore how these additional costs may be covered by, for instance, the Global Environment Facility (GEF) through a special facility within the Multilateral Fund to allow for more approvals of phase-out projects with climate co-benefits without jeopardizing the limited funds under the current replenishment.

21. The expected outputs from this technical assistance will include: (a) methodology to calculate the additional cost to be borne if the climate benefits of a specific technology are fully taken into consideration in selection of alternatives to HCFCs, and (b) a methodology that will look into calculation of climate co-benefits resulting from proper management and destruction of unwanted ODS. UNIDO also plans to apply these methodologies to two of its pilot projects in Jordan and on one of the proposed demonstration project on ODS destruction.

22. The table below provides a breakdown of the US \$300,000 as requested by UNIDO:

International Consultants	72,000
National Consultants	48,000
Travel	30,000
Equipment	100,000
Management, monitoring and training	50,000
Total	300,000

Secretariat's comments

23. The guidelines for HPMP preparation agreed in decision 54/39 included the provision for Article 5 countries to consider financial incentives and opportunities for co-financing in their final HPMPs, which could be relevant for ensuring that HCFC phase-out results in benefits in accordance with paragraph 11(b) of decision XIX/6 of the Parties.

24. The Secretariat notes that the results of the study proposed by UNIDO may assist countries in examining their options for co-financing at this time when HPMP preparation is taking place in more than a hundred Article 5 countries. In addition, it also notes that there is as yet no guidance from the Executive Committee on how climate benefits of HCFC phase-out are to be calculated, and whether these costs could be considered as incremental costs under the Multilateral Fund. The Secretariat also notes that UNIDO's proposal describes the development of methodologies for getting possible co-financing from the GEF.

25. In reviewing the costs proposed for the project, the Secretariat noted that UNIDO included US \$100,000 for equipment in their budget. In clarifying the addition of an equipment component, UNIDO informed the Secretariat that the proposal includes pilot implementation in one or two enterprises to demonstrate the methodologies that will be developed, and such equipment will be required during this pilot phase. The Secretariat has some doubts about the equipment requirement in the context of this resource mobilization project.

26. The Executive Committee at its 57th Meeting, discussed a facility for additional income from loans and other sources (UNEP/OzL.Pro/ExCom/57/64), and decided in decision 57/37 that the Secretariat provides further analysis of this facility for consideration of the Committee at its 58th Meeting. The Secretariat notes that the resubmission of this proposal is in anticipation of a final decision on the facility being taken at this meeting, which may enable the possibility of funding resource mobilization.

Secretariat's recommendation

27. The Executive Committee may wish to consider this proposal in light of the information presented above, and in the discussion of Agenda item 11, Facility for additional income from loans and other sources.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Mexico: Renewal of institutional strengthening

Summary of the project and country profile	
Implementing Agency:	UNIDO
Amounts previously approved for institutional strengthening (US \$):	
Phase I: jun-92	350,000
Phase II: Jul-95	95,000
Phase III: oct-96	190,000
Phase IV: jul-98	190,000
Phase V: jul-00	194,456
Phase VI: jul-02	242,691
Phase VII: apr-05	247,000
Phase VIII: jul-07	247,000
Total	1,756,147
Amount requested for renewal (Phase IX) (US \$):	247,000
Amount recommended for approval for Phase IX (US \$):	
Agency support costs (US \$):	
Total cost of institutional strengthening Phase IX to the Multilateral Fund (US \$):	
Equivalent amount of CFC phase-out due to institutional strengthening Phase IX at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	1989
ODS consumption reported in country programme (1989) (ODP tonnes):	14,629.9
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	4,624.9
(b) Annex A Group II (Halons) (Average 1995-1997)	124.6
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	62.5
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	56.4
(e) Annex E (Methyl bromide) (Average 1995-1998)	1,130.8
Latest reported ODS consumption (2007) (ODP tonnes) as per Article 7:	
(a) Annex A Group I (CFCs)	-480.6
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	79.1
(d) Annex B Group III (Methyl chloroform)	0.1
(e) Annex E (Methyl bromide)	894.6
(f) Annex C Group I (HCFCs)	1,424.7
Total	1,917.9
Year of reported country programme implementation data:	2008
Amount approved for projects (US \$):	85,174,469
Amount disbursed (as at may 2009) (US \$):	74,104,106
ODS to be phased out (ODP tonnes):	4,762.7
ODS phased out (as at may 2009) (ODP tonnes):	3,982.3

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

Summary of activities		Funds approved (US \$)
(a)	Investment projects:	75,141,458
(b)	Institutional strengthening:	1,756,147
(c)	Project preparation, technical assistance, training and other non-investment projects:	8,276,864
	Total:	85,174,469

Progress report

2. The programme of activities relating to the Montreal Protocol forms part of Mexico's commitment to phase out the consumption of ODSs in a controlled and cost-effective manner. The National Ozone Unit (NOU) is part of the Environmental and Natural Resources Secretariat (SEMARNAT) and cooperates closely with the General Directorate for Air Quality Management and Public Release and Transfer Registry. The Ozone Unit is the focal point for Montreal Protocol activities. The activities of the NOU are included in the governmental system called DAS-G. The NOU mainly coordinates the whole Montreal Protocol programme in the country and prepares the basis for legislative and regulatory measures to be adopted by the responsible government authorities. The major legislative measures achieved in the framework of Phase VIII are (a) the ratification of the Beijing Amendment and (b) the continuous support for the improvement of the existing legal framework implementation for the ODS phase-out process, given to interested stakeholders through the large number of awareness and training meetings.

Plan of action

3. The NOU is the nucleus of the ODS management structure and was established as a specialized body within the SEMARNAT to provide the execution and follow-up of the ODS phase-out strategy as laid down in the Action Plan of the Country Programme. Regular access of the NOU to senior decision-makers is assured through the integration of the NOU's Action Plan in the governmental system called DAS-G and through Inter-ministerial and Steering Committee meetings.

- The NOU is responsible for monitoring the ODS import and consumption data and has for this purpose developed the Information and Monitoring System (SISSAO).
- The NOU will follow-up with priority the issue of initiating measures to improve the HCFCs control, to freeze the HCFCs consumption in 2013 and to achieve the 10% reduction target in 2015, as per the approved phase-out schedule of the Montreal Protocol.
- In the framework of phase-out projects, it is planned to ban the import of CTC as feedstock and of equipment and materials that contain CFC, as well as phase-out CTC as process agent.

Syrian Arab Republic: Renewal of institutional strengthening

Summary of the project and country profile	
Implementing Agency:	UNIDO
Amounts previously approved for institutional strengthening (US \$):	
Phase I: jun-93	219,907
Phase II: mar-01	195,000
Phase III: apr-05	203,823
Total	618,730
Amount requested for renewal (Phase IV) (US \$):	203,823
Amount recommended for approval for Phase IV (US \$):	
Agency support costs (US \$):	
Total cost of institutional strengthening Phase IV to the Multilateral Fund (US \$):	
Equivalent amount of CFC phase-out due to institutional strengthening Phase IV at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	1991
ODS consumption reported in country programme (1991) (ODP tonnes):	1,691.7

Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	2,224.6
(b) Annex A Group II (Halons) (Average 1995-1997)	416.9
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	0
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	0
(e) Annex E (Methyl bromide) (Average 1995-1998)	188.6
Latest reported ODS consumption (2007) (ODP tonnes) as per Article 7:	
(a) Annex A Group I (CFCs)	282
(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)	45
(f) Annex C Group I (HCFCs)	45.3
Total	372.3
Year of reported country programme implementation data:	2008
Amount approved for projects (US \$):	23,266,381
Amount disbursed (as at may 2009) (US \$):	20,230,753
ODS to be phased out (ODP tonnes):	3,725.9
ODS phased out (as at may 2009) (ODP tonnes):	2,782.5

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

Summary of activities		Funds approved (US \$)
(a)	Investment projects:	19,236,239
(b)	Institutional strengthening:	618,730
(c)	Project preparation, technical assistance, training and other non-investment projects:	3,411,412
	Total:	23,266,381

Progress report

5. The National Ozone Unit (NOU) is part of the General Commission for Environmental Affairs and it is the focal point for Montreal Protocol activities. The programme of activities related to the Montreal Protocol forms part of Syrian Arab Republic's commitment to phasing out the consumption of ODSs in a controlled and cost-effective manner. There is co-ordination with the custom officials for the enforcement of the licensing system and its regulatory compliance procedures and requirements. Public awareness campaigns were carried out through lectures, radio and TV talks and announcements in newspapers. Technical policy discussions are held in the Ministry as a routine working practice. The NOU participates regularly at the Regional ODS Officers Network meetings for West Asia and in the Meeting of the Parties.

Plan of action

6. The NOU is seen as the nucleus of the ODS management structure and was established as a specialized body to provide the execution and follow-up of the ODS phase-out strategy as laid down in the Action Plan of the Country Programme. The NOU has regular and direct contacts with the decision-makers in the General Commission for Environmental Affairs, having access to the ministerial level and frequent technical policy discussions are held as a routine working practice. The main objectives in this next period will be the complete phase-out of CFCs and Halons, and to initiate activities for HCFC phase out commencing with an HCFC consumption survey to establish its baseline. During this period, the NOU will also strengthen enforcement of the licensing system and continue public awareness activities.

Turkey: Renewal of institutional strengthening

Summary of the project and country profile		
Implementing Agency:		UNIDO
Amounts previously approved for institutional strengthening (US \$):		
	Phase I: oct-92	266,843
	Phase II: dec-00	200,000
	Phase III: dec-04	260,000
	Total	726,843
Amount requested for renewal (Phase IV) (US \$):		260,000
Amount recommended for approval for Phase IV (US \$):		
Agency support costs (US \$):		
Total cost of institutional strengthening Phase IV to the Multilateral Fund (US \$):		
Equivalent amount of CFC phase-out due to institutional strengthening Phase IV at US \$12.1/kg (ODP tonnes):		n/a
Date of approval of country programme:		1990
ODS consumption reported in country programme (1990) (ODP tonnes):		5,233.6
Baseline consumption of controlled substances (ODP tonnes):		
	(a) Annex A Group I (CFCs) (Average 1995-1997)	3,805.7
	(b) Annex A Group II (Halons) (Average 1995-1997)	141
	(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	105.1
	(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	37.4
	(e) Annex E (Methyl bromide) (Average 1995-1998)	479.7
Latest reported ODS consumption (2007) (ODP tonnes) as per Article 7:		
	(a) Annex A Group I (CFCs)	0
	(b) Annex A Group II (Halons)	14.3
	(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)	922.9
	Total	937.2
Year of reported country programme implementation data:		2008
Amount approved for projects (US \$):		38,008,762
Amount disbursed (as at may 2009) (US \$):		34,806,164
ODS to be phased out (ODP tonnes):		4,494.5
ODS phased out (as at may 2009) (ODP tonnes):		4,559.5

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

Summary of activities		Funds approved (US \$)
(a)	Investment projects:	33,935,566
(b)	Institutional strengthening:	726,843
(c)	Project preparation, technical assistance, training and other non-investment projects:	3,346,353
	Total:	38,008,762

Progress report

8. The previous IS phase (Phase III) has been implemented in the country by the World Bank. During this period, the country has implemented trainings of customs officers, provided identifiers to the Customs Office as well as undertaken training in recovery and recycling. The enforcement of ODS regulations particularly the licensing system allowed the country to meet compliance under the Montreal Protocol. It was also during this phase that activities on methyl bromide were targeted, therefore strengthening the NOU's link with the Ministry of Agriculture and completing training on methyl

bromide alternatives. The NOU also continued to implement public awareness campaigns in the country.

Plan of action

9. During this requested phase, which will be implemented through UNIDO, the NOU as the operating unit of Ministry of Environment will work closely with central and local government authorities with to coordinate the HCFCs phase-out process. The period 2009 – 2010 will be crucial for the NOU as HPMP is planned to be finalized 2010 and therefore, support in this regard will be available through HPMP only at a later stage. Additional work in coordinating integrated awareness activities to enable smooth and clear policy for HCFCs phase-out process is of high concern for the NOU. In addition, during this new phase, the country will continue to complete the activities that are needed for the complete phase-out of CFCs and halons, and to ensure sustaining this phase out beyond 2010. During this period, the NOU will also strengthen enforcement of the licensing system and continue public awareness activities.

Annex II

VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS OF INSTITUTIONAL STRENGTHENING PROJECTS SUBMITTED TO THE 58th MEETING

Mexico

1. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Mexico and notes with appreciation that Mexico reported data to the Ozone Secretariat that shows compliance with the Montreal Protocol. The Executive Committee notes that the ongoing regulatory efforts will be further enhanced by the implementation of ODS monitoring system. The Executive Committee also acknowledges the achievements of Mexico to date, which include completion of many of the activities in their national phase out plan. It also appreciates the leadership role that Mexico plays in the Regional Ozone Network for Latin America. The Executive Committee greatly supports the efforts of Mexico to reduce the consumption of CFCs and to initiate measures in regard of the HCFCs phase-out management plan.

Syrian Arab Republic

2. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Syrian Arab Republic, and notes with appreciation that within the framework of the institutional strengthening project, Syrian Arab Republic has taken significant steps to phase out its ODS consumption, in particular, the implementation of the national sector phase out plan in the refrigeration manufacturing in cooperation with UNDP and UNIDO that led to the elimination of ODS in this sector. The Committee also notes that the Syrian Arab Republic is an active member of the Regional Ozone Network for West Asia. The Executive Committee is therefore hopeful that, in the next two years, Syrian Arab Republic will continue with the implementation of its country programme and the TPMP activities with outstanding success to achieve complete phase-out of CFCs and to meet freeze levels of HCFCs.

Turkey

3. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Turkey, and notes with appreciation the completed activities during the period of the IS project which was implemented through the World Bank, in particular the country's efforts to phase out methyl bromide and raise awareness about its alternatives. The Executive Committee is also encouraged by the country's continuing efforts to reduce CFC consumption in the country, and notes the fact that it will prioritize the development of the HCFC in this new phase. The Executive Committee greatly supports the efforts of Syria to reduce the consumption of CFCs. The Executive Committee is therefore hopeful that, in the next two years, the country will be able to sustain the phase out of CFCs beyond 2010 with outstanding success, and expeditiously initiate activities for HCFC phase out as soon as possible.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

58th Executive Committee of the
Multilateral Fund for the Implementation
of the Montreal Protocol

UNIDO Work Programme

58th ExCom

UNIDO

Work Programme - 58th ExCom Revision 1 (19 May 2009)

Introduction

The UNIDO Work Programme for the consideration of the 58th ExCom of the Multilateral Fund has been prepared based on the ongoing and planned activities and following receipt of government requests. The Work Programme will support the implementation of UNIDO's three year Rolling Business Plan 2009-2011.

Focus has been put on preparatory activities for the phase-out of HCFCs in Article 5 countries.

The renewal of institutional strengthening support will be required for Mexico and Syria, in line with the UNIDO Rolling Business Plan 2009 - 2011. In addition, UNIDO received a request from the Government of Turkey, to submit an extension of the institutional strengthening project for a period of 2 years, in line with the approved 2009 Business Plan.

Furthermore, preparatory assistance is requested to assist Iraq to comply with the methyl bromide phase-out targets.

The document comprises the following sections:

Section 1

Gives in a tabulated form by project types and country a consolidated list of activities foreseen for HCFC, MeBr and institutional strengthening.

Funding is requested as follows:

- Institutional strengthening: US\$ 764,135 including 7.5% A.S.C.;
- Project preparation: US\$ 1,150,250 including 7.5% A.S.C.;
- Global Project on resource mobilization: US\$ 322,500 incl. 7.5 % ASC
- Total **US\$ 2,236,885** including A.S.C.

Section 2

Provides the corresponding project concepts indicating some details and funding requirements.

UNIDO

Work Programme - 58th ExCom
Revision 1 (19 May 2009)

Section 1

Consolidated table giving project
preparation and non-investment
projects in all countries and sectors

Country	Type	Substance	Title of Project	Requested amount USD	A.S.C USD	Total (incl ASC) USD	A.S .C. %	P. D.	Coop. with IAs
Institutional Strengthening									
Mexico	INS	all	Institutional Strengthening, Renewal.	247,000	18,525	265,525	7.5	24	
Turkey	INS	all	Institutional Strengthening, Renewal	260,000	19,500	279,500	7.5	24	
Syria	INS	all	Institutional Strengthening, Renewal	203,823	15,287	219,110	7.5	24	
			Institutional Strengthening Total	710,823	53,312	764,135			
MeBr project preparation									
Iraq	PRP	MBR	Fumigants	40,000	3,000	43,000	7.5	12	
			MeBr Total	40,000	3,000	43,000			
Project preparation for Investment HPMP Projects									
Iran	PRP	HCFC	Room air-conditioning and compressors	45,000	3,375	48,375	7.5	12	
Mexico	PRP	HCFC	Refrigeration manufacturing sector	150,000	11,250	161,250	7.5	12	
Mexico	PRP	HCFC	Solvent and aerosol sectors	100,000	7,500	107,500	7.5	12	
Nigeria	PRP	HCFC	Refrigeration manufacturing sector	50,000	3,750	53,750	7.5	12	
Syrian Arab Republic	PRP	HCFC	Refrigeration manufacturing	60,000	4,500	64,500	7.5	12	
Thailand	PRP	HCFC	HCFC Investment Project Preparation - Air to Air Conditioning	65,000	4,875	69,875	7.5	12	
Thailand	PRP	HCFC	HCFC Investment Project Preparation - Solvent	20,000	1,500	21,500	7.5	12	
Thailand	PRP	HCFC	HCFC Investment Project Preparation - XPS Foam	45,000	3,375	48,375	7.5	12	
Tunisia	PRP	HCFC	PU Foam	65,000	4,875	69,875	7.5	12	
Turkey	PRP	HCFC	PU Foam sector	150,000	11,250	161,250	7.5	12	
Turkey	PRP	HCFC	Refrigeration manufacturing sector	150,000	11,250	161,250	7.5	12	
			HCFC INV-PRP TOTAL	900,000	67,500	967,500			
Additional funding for HPMP preparation (HPMP)									
Algeria	PRP	HCFC	Additional funding HPMP preparation	65,000	4,875	69,875	7.5	12	
Cameroon	PRP	HCFC	Additional funding HPMP preparation	65,000	4,875	69,875	7.5	12	
			Additional funding for HPMP - Total	130,000	9,750	139,750			
Technical Assistance for Funds Mobilization									
Global	TAS	SEV	Funds mobilization	300,000	22,500	322,500	7.5	12	

UNIDO

Work Programme - 58th ExCom
Revision 1 (19 May 2009)

Section 2

Project concepts

Project Concept

Country:	Mexico
Title:	Extension of Institutional Strengthening for the implementation of Montreal Protocol in Mexico
Project Duration:	24 months
Project Budget:	265,528 (including US\$ 18,528 representing 7.5% Agency Support Costs)
Implementing Agency:	UNIDO
Coordinating Agency:	SEMARNAT (Environment and Natural Resources Ministry)

Project Summary

The project aims at **institutional strengthening and capacity building of the Environment and Natural Resources Ministry** and will ensure helping the Government meet its obligations under the Montreal Protocol on the substances that deplete the Ozone Layer.

In this context, the National Ozone Office will be assisted in monitoring and identification of Ozone-depleting substances consumption and up-dating the needed national policies and regulations, with a focus on HCFCs consumption.

The NOU will monitor all the project activities as per the Country Programme, including the collection of consumption data and reporting as required, with a specific view to HCFCs phase-out schedule for the Article 5 countries.

Project Concept

Country:	Turkey
Title:	Extension of Institutional Strengthening for the implementation of Montreal Protocol in Turkey
Project Duration:	24 months
Project Budget:	279,500 (including US\$ 19,500 representing 7.5% Agency Support Costs)
Implementing Agency:	UNIDO
Coordinating Agency:	Ministry of Environment and Forestry of Turkey - National Ozone Unit

Project Summary

The project aims at **institutional strengthening and capacity building of the Ministry of Environment and Forestry of Turkey**, and will ensure helping the Government meet its obligations under the Montreal Protocol on the substances that deplete the Ozone Layer.

In this context, the National Ozone Office will be assisted in monitoring and identification of Ozone-depleting substances consumption and up-dating the needed national policies and regulations, with a focus on HCFCs consumption.

The NOU will monitor all the project activities as per the Country Programme, including the collection of consumption data and reporting as required, with a specific view to HCFCs phase-out schedule for the Article 5 countries.

Project Concept

Country: Syrian Arab Republic

Title: Extension of Institutional Strengthening Project for the Montreal Protocol related activities (Phase IV)

Project Duration: 24 months

Project Budget: 219,827 (including US\$ 15,827 representing 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Coordinating Agency: NOU /General Commission for Environmental Affairs

Project Summary

UNIDO received the official Government request from the General Commission for Environmental Affairs / NOU in Syria for the renewal of the institutional strengthening support for Syrian Arab Republic, Phase IV.

The project objective aims improved capacity of government structures responsible for Ozone Depleting Substances Phase-out with a specific view to achieve compliance to HCFCs phase-out.

The project will assure improved capacity of national OU, by allowing

- to achieve the 100 percentage phase-out of CFCs by January 2010
- to further assure sustainability of the 100 % phase-out of Halons, Carbon Tetrachloride and Methyl Chloroform through awareness programmes development
- to continue the implementation, monitoring and coordination of the MeBr phase-out activities and to ensure the compliance to Montreal Protocol targets
- to initiate the national HCFCs legislative measures to enable Syrian Arab Republic to meet the 2013 freeze target of HCFCs and the 2015 ten percent reduction of HCFCs by extending and improving the national monitoring system to cover HCFCs

Project Concept

Country: Iraq

Title: Elimination of controlled uses of MeBr (pre and post-harvest sector)

Project Duration: 12 months

Project Budget: 43,000 US\$ (including 7.5% Agency Support Cost)

Implementing Agency: UNIDO

Coordinating Agency: Ministry of Environment

Project Summary

Iraq has requested assistance to UNIDO for the preparation of a project to address the complete phase out of the controlled uses use of Methyl Bromide in the country before 2015.

According to a survey recently conducted at the national level, the consumption of Methyl Bromide for controlled uses of the last three years was 14 ODP tonnes in 2006, 9.7 ODP tonnes in 2007 and 8.3 tonnes in 2008, representing an average consumption of 10.67 ODP tonnes.

Use of Methyl Bromide was detected in the post-harvest treatment of palm dates and in the fumigation of soils at the University level to prepare the soil for testing varieties and other chemical to be registered in the country. However, other sectors (in particular the post harvest treatment of commodities as well as small consumption in the production of vegetables) may be detected during the project preparation.

Project Concept

Country:	Islamic Republic of Iran
Title:	Preparation of HCFC phase out investment projects in the refrigeration and air-conditioning sector
Project Duration:	12 months
Project Budget:	48,375 US\$ (including 7.5% Agency Support Cost)
Implementing Agency:	UNIDO
Coordinating Agency:	Ministry of Environment

Project Summary

Preparation of HCFC phase out investment projects in the refrigeration and air-conditioning sector

Introduction

According to the HPMP preparation funding request breakdown prepared by UNDP as a leading agency UNIDO is requesting US\$ 45,000 for the preparation of HCFC phase out investment projects in the refrigeration and air conditioning manufacturing sector in Islamic Republic of Iran. The distribution of funds was agreed between the Government of Iran and UNDP.

UNIDO is in charge of the residential air-conditioning manufacturing sector as well as the compressor manufacturing sector.

Table below shows the estimated breakdown of HCFC consumption in manufacturing activities in the Refrigeration and Air Conditioning sector.

Sub-sector	HCFC Consumption (MT)
	HCFC-22
Domestic Refrigeration	NA
Commercial Refrigeration	290
Industrial Refrigeration	100
Residential/Commercial A/C	392
Industrial Air Conditioning/Chillers	105
Transport Refrigeration A/C	85
Total	972

2. HCFC Supply Scenario

Presently there is no production of HCFCs in Iran. There is also no information on prospective investments for future production of HCFCs in Iran. There are no exports or re-exports of HCFCs from Iran, except for small quantities across the Herat border with Afghanistan, which can be ignored. The main imports of HCFCs in Iran have been of HCFC-141b and HCFC-22. Annual imports from 1995 to 2005 are depicted graphically in Table below.

Year	Imports (metric tonnes)
1994	NA
1995	240
1996	200
1997	350
1998	370
1999	250

Year	Imports (metric tonnes)
2000	480
2001	1,478
2002	2,503
2003	1,276
2004	2,005
2005	2,114

3. HCFC Consumption

The HCFC consumption in Iran increased from 240 metric tonnes in 1995 to 2,114 metric tonnes in 2005. This shows an average annual growth rate in HCFC consumption of 24.3%. However, in the past five years, the consumption increased from 1,478 metric tonnes in 2001 to 2,114 metric tonnes in 2005, indicating a more steady growth rate of 7.4% annually. The total usage of HCFC-22 was 1,323 metric tonnes, of which 972 metric tonnes was used in manufacturing and 351 metric tonnes was used in servicing of refrigeration and air conditioning equipment.

Project Concept

Country: Mexico

Title: Preparation of investment activities for the phase-out of HCFCs in the refrigeration and air-conditioning manufacturing sector and in the solvent and aerosol sector

Project Duration: 12 months

Project Budget 1: 161,250 (including 7.5% Agency Support Costs) for the RAC sector

Project Budget 2: 107,500 (including 7.5% Agency Support Costs) for the solvents and aerosol sectors

Implementing Agency: UNIDO

Coordinating Agency: SEMARNAT (National Ozone Unit)

Project Summary

Mexico had the third highest consumption of HCFCs as reported by Article 5 countries in 2007 (after China and Brazil). Mexico's 2007 Article 7 consumption of HCFCs amounted to 1,425 ODP tonnes. The growth of HCFC consumption in Mexico experienced a yearly increase of about 10 %.

In order to ensure that Mexico meets the 2013 and 2015 HCFC reduction targets urgent actions are required in all manufacturing sectors.

In the year 2008 Mexico's total HCFC consumption amounted to 14,634 metric tonnes (mt) of HCFCs. Out of this 3,850 mt was used in the refrigeration and A/C manufacturing sector as refrigerant and 4,200 mt as foaming agent. With respect to the solvents and aerosols, 260 mt of HCFC-22 and 695 mt of HCFC-141b were used in the manufacturing sector in 2008. UNIDO is requesting project preparation funding for the above mentioned sectors on behalf of the Government of Mexico. The funding requested is in line with the eligible funding level as stipulated in Decision 56/16.

Based on the reported consumption, Mexico is eligible for receiving US\$ 400,000 for the preparation of investment projects for the phase out of HCFCs in the manufacturing

sectors (to achieve the 2013 and 2015 control measures).

UNIDO is the lead implementing agency for the HPMP preparation of Mexico and is in charge of the refrigeration and air-conditioning manufacturing and the solvent and aerosol sectors.

The Government of Mexico requested UNIDO to submit project preparation requests for the sectors mentioned above. It was decided by the NOU that US\$ 150,000 would be requested for the refrigeration and AC manufacturing sector for UNIDO, US\$ 100,000 for the solvent and aerosol sector for UNIDO and US\$ 150,000 for the foam sector under UNDP's responsibility.

It was confirmed by the Government that there are dozens of companies manufacturing HCFC based equipment in the AC and refrigeration sectors and that about 5 to 7 per cent of the country's HCFC consumption is in the solvent and aerosol sectors, which would be one of the priority sectors for the achievement of the 2013 and 2015 HCFC control measures.

Sector strategies and investment projects will be prepared to help Mexico to achieve the 2013 and 2015 reduction targets in line with the priorities established in the HPMP.

Project Concept

Country: Nigeria

Title: Preparation of investment projects for the phase-out of HCFC-22 used in the manufacturing of refrigeration and air-conditioning equipment

Project Duration: 12 months

Project Budget: 53,750 (including 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Coordinating Agency: Federal Ministry of Environment
(Ozone Unit)

Project Summary

Nigeria's reported HCFC consumption for the year 2007 was 96.0 ODP tonnes and thus, Nigeria is eligible for receiving US\$ 100,000 for the preparation of investment projects for the phase out of HCFCs in the manufacturing sector. UNDP received US\$ 50,000 at the 57th ExCom Meeting for the foam sector. It was agreed with UNDP and the Government that the remaining US\$ 50,000 would be allocated to the refrigeration and air-conditioning manufacturing sector under UNIDO's responsibility.

It was confirmed by the Government that there are dozens of companies manufacturing HCFC based equipment in the AC, commercial and domestic refrigeration sectors.

Funding will be used to prepare a strategy for the refrigeration and air-conditioning sector, which is in line with the HPMP under development. Investment projects will be prepared to help Nigeria to achieve the 2013 and 2015 reduction targets in line with the priorities established in the HPMP.

Project Concept

Country: Thailand

Title: Preparation of investment activities for the phase-out of HCFCs in the air-to-air AC sector, solvent sector and XPS foam sector

Project Duration: 12 months

Project Budget 1: US\$ 69,875 (incl. 7.5% Agency Support Costs) for the Air-to-Air AC sector

Project Budget 2: US\$ 21,500 (incl. 7.5% Agency Support Costs) for the solvent sector

Project Budget 3: US\$ 48,375 (incl. 7.5% Agency Support Costs) for the XPS foam sector

Implementing Agency: UNIDO

Coordinating Agency: National Ozone Unit

Project Summary

Thailand's 2007 Article 7 consumption of HCFCs amounted to 873 ODP tonnes. With this, Thailand is one of the biggest HCFC consumers among Article 5 countries.

In order to ensure that Thailand meets the 2013 and 2015 HCFC reduction targets urgent actions are required in all manufacturing sectors.

Based on the reported consumption, Thailand is eligible for receiving US\$ 300,000 for the preparation of investment projects for the phase out of HCFCs in the manufacturing sectors (to achieve the 2013 and 2015 control measures).

Although the HCFC survey has not yet been completed, the Government estimated HCFC consumption in the different sectors. There are dozens of companies manufacturing HCFC based equipment in the AC and refrigeration sectors and the production of XPS foams has also shown a steady increase in the past years. More than 60 % of the HCFC consumption is in the refrigeration and A/C manufacturing sector. The use of HCFCs in the XPS foam sector is more than 200 tonnes, while the solvent sector's HCFC consumption is more difficult to estimate considering the number of small enterprises using HCFC-based solvents in different manufacturing sectors.

The World Bank is preparing the HPMP, while UNIDO and UNDP were assigned to prepare sector plans for phase-out activities.

The Government of Thailand requested UNIDO to submit funding requests for the preparation of sector plans for the following sectors:

- Air-to-air AC sector
- Solvent sector
- XPS foam sector

Furthermore, the Government of Thailand requested UNIDO that for the air-to-air air conditioning sector plan the implementation to be done by UNIDO under bilateral cooperation agreement with Japan. The preparation funds are requested by UNIDO, and in the meantime UNIDO is liaising with Japan to prepare a cooperation agreement for the investment activities.

Sector strategies and investment projects will be prepared to help Thailand to achieve the 2013 and 2015 reduction targets in line with the priorities established in the HPMP.

Project Concept

Country: Syria

Title: Preparation for the phase out the use of HCFC- 22 and HCFC- 141b in the production of chillers, cold rooms, commercial refrigerators and domestic A/C at Al Hafez Group Co.

Project Duration: 12 months

Project Budget: 64,500 (including 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Coordinating Agency: Ministry of Environment (Ozone Unit)

Project Summary

The project will enable Syria meet with it's HCFCs phase out obligations of 2013 and 2015 by the elimination of 100 M tons of R-22 and 70 M tons of R-141b through the conversion to R-410a and R- 407c as refrigerants and CP as blowing agent.

Description:

The group consists of three plants located in the major cities in Syria, as following:

Al Hafez Mechanical Industries:

- Established in 1990 in Damascus city
- **Consumption: 35 M tons R-22 and 10 M tons R-141b**
- **Products:**
 - Chillers ranging from 2- 75 R tons (70 Units)
 - Package units ranging from 3- 30 R tons (25 Units)
 - Ducted split units ranging from 3- 15 R tons (100 Units)
 - Air handling units ranging of different capacities (50 Units)
 - Ice blocks lines ranging from 5- 25 tons/day (25 Units)

Al Waha factory for refrigerators and A/C:

- Established in 1985 in Homs city
- **Consumption: 25 M tons R-22 and 50 M tons R-141b**
- **Products:**
 - Split A/C Units ranging from 1- 5 R tons (15000 Units)
 - Prefabricated foam panels (125000 sq m)

Al Hafez Engineering Industries:

- Established in 1983 in Aleppo city
- **Consumption: 40 M tons R-22 and 10 M tons R-141b**
- **Products:**
 - Chillers ranging from 3- 300 R tons (200 Units)
 - Package units ranging from 5- 40 R tons (100 Units)
 - Ducted split units ranging from 3- 40 R tons (250 Units)
 - Air handling units ranging of different capacities (150 Units)
 - Ice blocks lines ranging from 5- 25 tons/day (25 Units)

Project Concept

Country: Tunisia

Title: Project preparation for the phase-out of HCFC-141b
in the Foam Production

Project Duration: 12 months

Project Budget: 64,500 (including 7.5% Agency Support
Costs of US\$ 3,000)

Implementing Agency: UNIDO

Coordinating Agency: Ministry of Environment (MEDD) -
National Environment Protection
Agency

Project Summary

UNIDO received an official Government request for preparation sectoral foam project for the phase-out of approximately 8 MT of HCFC-141b in the PU Foam production in Tunisia

More than 10 companies for the production of rigid foam

About 5 companies polystyrene foam production

About 5 companies in the integral skin

Products:

- Rigid foams, EPS, integral skin

Project Concept

Country: Turkey

Title: Preparation of investment activities for the phase-out of HCFCs in the PU Foam sector and Refrigeration manufacturing sector

Project Duration: 12 months

Project Budget 1: US\$ 161,250 (incl. 7.5% Agency Support Costs) for the PU Foam sector

Project Budget 2: US\$ 161,250 (incl. 7.5% Agency Support Costs) for the Refrigeration manufacturing sector

Implementing Agency: UNIDO

Coordinating Agency: Ministry of Environment and Forestry of Turkey - National Ozone Unit

Project Summary

Turkey's 2007 Article 7 consumption of HCFCs amounted to 923 ODP tonnes. With this, Turkey is one of the biggest HCFC consumers among Article 5 countries.

In order to ensure that Turkey meets the 2013 and 2015 HCFC reduction targets urgent actions are required in all manufacturing sectors.

Based on the reported consumption, Turkey is eligible for receiving US\$ 300,000 for the preparation of investment projects for the phase out of HCFCs in the manufacturing sectors (to achieve the 2013 and 2015 control measures).

The UNIDO already initiated the preparation of the HPMP, while UNIDO was assigned to prepare sector plans for phase-out activities.

The Government of Turkey requested UNIDO to submit funding requests for the preparation of sector plans for the following sectors:

- PU Foam sector Air-to-air AC sector
- Refrigeration manufacturing sector

The priority needed for the above mentioned sub-sectors are supported by the Country Programme Progress implementation Reports for the years 2007 and the preliminary CP data for the year 2008, that shows the following sectoral consumption (in metric Tonnes) for the HCFCs manufacturing activities:

Annex C Group I	Foam		Refrigeration Manufacturing	
	2007	2008	2007	2008
HCFC-22	4.10		3961.42	3508.37
HCFC-141b	2562.16	2332.76	-	
<i>HCFC-142b/R22 blend</i>	5803.25	4560.71	-	
HCFC-123	-		28.60	
HCFCs Total Consumption	8369.51	6893.47	3993.31	3508.37

An assessment of the country consumption data shows that almost 90% of the HCFCs consumption in Turkey is used in the foams and refrigeration manufacturing sector and for this reason, sector strategic approach is critical in achieving the consumption reduction steps.

Sector strategies and investment projects will be prepared by UNIDO in cooperation with the Governmental institutions support, to enable Turkey to achieve the 2013 freeze as well as 2015 reduction target, in line with the priorities of the HPMP.

Project concept

Additional funding for HPMPs preparation

Country: Algeria, Cameroon

Title: Additional funding for HPMP preparation

Project Duration: 12 months

Project Budget Algeria: US\$ 69,875 (including 7.5% Agency Support Costs of US\$ 4,875)

Project Budget Cameroon: US\$ 69,875 (including 7.5% Agency Support Costs of US\$ 4,875)

Implementing Agency: UNIDO

Coordinating Agency: National Ozone Units

Project Summary

In response to Decision 56/16 UNIDO is submitting a request for additional funds for the HPMP preparation in Algeria and Cameroon.

Algeria and Cameroon received US\$ 85,000 each for HPMP preparation at the 55th ExCom Meeting based on the HCFC consumption reported at that time. Since Algeria and Cameroon have revised their data reporting concerning HCFC consumption in 2007, Algeria and Cameroon are eligible for US\$ 150,000 for HPMP preparation funding in line with ExCom Decision 56/16. In light of the above US\$ 65,000 plus support cost is requested as additional HPMP preparation funding for Algeria and for Cameroon.

Project Concept

Country: Global

Title: Mobilizing additional funds through the special facility under the MLF to count for the climate co benefits of the HCFCs phase out projects

Project Duration: 12 months

Project Budget: 322,500 (including 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Project Summary

Reference: the MLF facility for resource mobilization funding

This proposal has reference to the resource mobilization funding that UNIDO included in its business plan.

The proposal takes into account the discussions about the issue held in Montreal during the coordination meeting on 26-27 Jan. 09. Furthermore, the below considerations have been taken into account in developing this proposal:

- GEF provides funding for projects in the thematic areas of interest, such as those relating to the UNFCCC, UNBDC and UNDC. Projects aiming at energy saving and increase the energy efficiency are usually funded.
- GEF operates through national Focal Points (NFP) within governments and in most cases the projects proponents or counterparts are governmental entities (Energy Ministry, Agricultural Ministry, transportation Ministry, etc).
- GEF has limited access/experience in working with individual companies in the private sector especially if they are SMEs.
- GEF confounding requirements made more complex for developing countries to fully benefit from the GEF. And this is more apparent when SMEs were concerned.
- MLF has the mandate to provide funding and assistance for covering the incremental costs relating to the ODS phase out.

- MLF and IAs have a long history of successful cooperation with A5 countries conversion projects at national and enterprise level (over than 5000) projects have been implemented so far). MLF has been successful in building partnership with A5 countries and in developing a good system to deal with big number of national and individual projects in a very smooth and cost effective manner.
- MLF has been successful in achieving remarkable results in the reduction of GHG emissions as a by-product of ODSs phase out projects. However, the generation of climate benefits is not mandated by the MP and therefore associated costs are not covered by MLF.
- Partnership between the GEF and MLF would serve the purposes of both bodies and make use of the strength of each other specifically in the HCFCs phase out era, taking into account the decisions of the MOP and ExCom to adopt alternatives that generate climate and environment co benefits where applicable.

Proposal:

To develop a concept and methodology to calculate the additional costs to be born by the MLF corresponding to the introduction of alternatives or practices that generate climate co benefits. Such additional costs are mostly related to the improvements of the energy performance during manufacturing and subsequently increased energy efficiency of equipments during operation. This is due to the fact that in the refrigeration and A/C equipment, the indirect emissions are dominant in most cases.

Such additional costs could be then covered by the GEF through a special facility at the MLF to allow for more approvals of phase out projects with co climate benefits without jeopardizing the limited funds under the current replenishment.

It is needless to mention that such additional costs will be definitely less compared to costs to be paid by GEF to achieve the same results through their current way of business to implement stand alone projects with the objective to increase the energy efficiency of production and equipments at a designated manufacturing facility (estimated at 15- 20% of the total project).

A conversion project funded by the MLF covers usually the remaining costs relating to activities that are required any way to enable manufacturing enterprises to improve their energy performance.

One should consider that in most developing countries, equipments manufacturers are not required to improve the energy efficiency of their products if it means additional

costs to be born by them either due to modification of process or materials costs. As savings generated due to increased energy efficiency would be usually beneficial to end-users and subsequently to developing countries governments due to reducing of required investments in power generation to meet the national growing demands.

UNIDO is therefore requesting 300,000 US\$ to workout the methodology and concept in collaboration with GEF and apply it to one of its pilot projects at PETRA Co. in Jordan.

The idea is to avoid the very complicated and lengthy procedure relating to the calculation of Co2 emission reductions and validating of CERs. The anticipated methodology should enable both UNIDO and GEF calculate the climate co benefits in an easy and straightforward manner and agree on the contribution to the special facility.

Similarly, UNIDO plans to use part of the above requested funds for developing a methodology for the calculation of climate co benefits (maybe in CERs form) resulted from the implementation of one of its pilot projects on proper environmental management and destruction of unwanted ODSs in A5 countries. The concept shall also streamline MLF funds with available funding from other institutions for similar activities (FAO funds for the proper management of unwanted chemicals: insecticides and pesticides).

The concepts and methodologies to be developed could be then used as model for replication with other similar activities and projects.

The application of the methodologies in two of UNIDO pilot projects is planned to apply in our HCFCs phase out project at Petra Co. in Jordan and on one of the management and destruction projects.

Cost breakdown (in US\$):

International Consultants	72,000
National Consultants	48,000
Travel	30,000
Equipment (for demonstration)	100,000
Management, monitoring and training	50,000
Total	300,000