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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirtieth Meeting
Montreal, 29-31 March 2000

OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW

Projects and activities presented to the 30th Meeting

Submissions by Agencies and Bilateral Partners

1. The total value of requests associated with projects and activities received by the Fund Secretariat from implementing and bilateral agencies for submission to the 30th Meeting, is US \$42,660,586 (including agency support costs where applicable). The total is comprised of:

(a) Bilateral co-operation:

- 15 project proposals were received from Canada, France, Germany, and Switzerland with a total value of US \$3,529,389 as submitted;

(b) 2000 Work Programme Amendments:

- 2000 Work Programme Amendments have been submitted by UNEP with a total value of US \$2,620,707. The proposals include US \$150,064 for 4 institutional strengthening projects and US \$2,493,684 for other activities.

(c) 2000 Work Programmes:

- 2000 Work Programmes have been submitted by UNDP, UNIDO and the World Bank. The proposals include US \$559,802 for 2 institutional strengthening projects and US \$4,426,251 for other activities

(d) Investment projects:

- 14 proposals for investment projects were submitted to the 30th Meeting by UNDP, UNIDO and the World Bank with a total value, as submitted, of US \$31,651,459. The proposals include 6 projects drawn from the US \$13 million list remaining from the 29th Meeting, US \$696,317 for 2 RMP projects, and US \$18,500,000 for the annual work programmes for production sector phase-out in China and India.

Secretariat's review of proposed projects and activities

2. The review of project proposals by the Fund Secretariat has resulted in the following:

(a) Bilateral projects:

- 1 bilateral project with a total value of US \$823,728 has been recommended for blanket approval;
- 9 bilateral projects with a value of US \$646,571 are pending.
- 5 bilateral projects with a value of US \$2,059,090 have been withdrawn;

(b) 2000 UNEP Work Programme Amendments:

- 34 activities with a total value of US \$544,434 have been recommended for blanket approval;
- 27 activities with a total value of US \$2,027,909 are pending.
- 2 activities with a total value of US \$150,000 are not recommended for funding

(c) 2000 Work Programmes:

- 106 activities with a total value of US \$852,585 have been recommended for blanket approval;
- 59 activities with a total value of US\$3,666,270 are pending
- 4 activities with a total value of US \$276,850 have been withdrawn

(d) Investment Projects:

- 4 project proposals with a total value of US \$422,733 have been recommended for blanket approval;
- 5 project proposals with a total value of US \$24,196,878 have been listed for individual consideration by the Sub-Committee on Project Review (see Annex I);
- 5 project proposals with a total value of US \$7,016,819 have been withdrawn or deferred.

Status of the Fund

3. At the time of preparation of this paper, Multilateral Fund resources available for committal amount to some US \$9.1 million. If the recommendations of the Secretariat for blanket approval are taken up and projects and activities for individual consideration were to be approved with their values as submitted, there would be a shortfall of some US \$20 million.

Issues arising from review of work programmes and amendments

4. A total of 226 separate activities, including project preparation, are proposed for funding under agencies' 2000 work programmes and (for UNEP) work programme amendments. Of these, 86 activities have been referred for individual consideration by the Executive Committee, either because they raise policy issues that require guidance from the Committee or because there is a question about their eligibility or the priority which should be accorded to them. Each issue is outlined in the Secretariat's review of agencies' work programmes and amendments (documents UNEP/OzL.Pro/ExCom/30/23-26). The annotated agenda for the Sub-committee on Project Review contains a proposed order of business for consideration of the various issues. Outlined below are three of the broader issues which arise in the work programmes of all three agencies involved in the preparation and implementation of investment projects.

Project preparation in countries which are preparing sector plans for terminal phase-out

5. Funding for preparation of sector strategies or phase-out plans either has been approved previously or is requested at this meeting for various sectors in China, Egypt, Malaysia, the Philippines and Thailand. As countries progress with their phase-out programmes, more sector strategies or terminal phase-out plans are likely. All three agencies which prepare investment projects have requested approval of funds for preparation of individual projects in one or more of the above countries for a sector in which a sector strategy or plan is either being prepared or is envisaged. Each individual case is described in the Secretariat's comments on agencies' 2000 work programmes. However, the Executive Committee might consider in general whether it wishes to approve funding for the preparation of additional individual activities when project preparation is either underway or requested to address the totality of consumption for the relevant sector in the country concerned.

Activities affected by policies and guidelines for refrigerant management plans

6. Under item 11 of the agenda for its 30th Meeting, the Executive Committee will consider a report on Refrigerant Management Plans and associated recommendations on related policies and guidelines. A number of work programme activities have been submitted to this meeting which will potentially be affected by the Executive Committee's position on this issue. For example, activities proposed on behalf of countries which are not Low-Volume-Consuming countries (LVCs) are not currently eligible for funding. Other activities for which funding is being sought such as country programme updates might need to be modified to comply with requirements proposed by the working group. All the activities affected by policies and guidelines on RMPs are identified in the Secretariat's review of each agencies' 2000 work programme. The Committee might consider whether recommendations on these work programme activities should be made on the basis of current policies, or whether consideration of the activities should be deferred until the Committee has concluded its deliberations on RMPs.

New project preparation where funded phase-out exceeds 80 percent of current consumption

7. At its 23rd Meeting, the Executive Committee decided that requests for project preparation should be considered on a case-by-case basis if the request is for project preparation in a country for which approved projects would phase out over 80 per cent of their ODS consumption as reported in the latest available data reported to the Ozone Secretariat (Decision 23/51d(i)). Additionally, in Decision 27/47 (b) the Executive Committee decided that: "following the intent of Decision 23/51, when a project preparation request was submitted for a country and that country had already approved projects to phase out more than 80 percent of the country's baseline, the implementing agency should provide a clear delineation of remaining consumption in all sectors".

8. All three agencies which implement investment projects have requested project preparation activities in one or more of the following countries whose approved projects (those completed plus those under implementation) will phase-out over 80 per cent of their latest reported ODS consumption: Argentina (140%), Egypt (86%), Indonesia (148%), Jordan (90%),

Lebanon (152%), Malaysia (181%), Thailand (89%) and Viet Nam (733%). None of the requests contain the information required by the Committee in Decision 27/47.

9. Additional analysis indicates that of in two of the above countries, Argentina and Lebanon, setting aside phase-out from completed projects, expected phase-out from projects still under implementation is almost equal to their current total reported consumption. For Indonesia, projects under implementation will phase out 106 percent of its total reported consumption.

10. Additional detail is provided in the Secretariat's review of agencies' 2000 work programmes.

Investment projects

11. As decided by the Executive Committee at its 29th Meeting and in keeping with established practice, investment projects submitted to the 30th Meeting are drawn from the US \$ 13 million list. Added to these are two recovery and recycling projects associated with Refrigerant Management Plans, and the annual programmes for production sector phase-out for China and India. One recovery and recycling project (Granada) has been recommended for blanket approval, the other (Senegal) is for individual consideration as part of a proposed Senegal RMP. The annual production sector programmes for China and India are referred for individual consideration (Annex I).

The US \$13 million list

12. The status of the seven projects on the list is as follows:

Argentina: Manufacture of polyurethane boxfoam at Fasax

Argentina: Methyl bromide in protected vegetables and flower crops

Argentina: Methyl bromide in strawberry production

13. The foam project for Fasax has been recommended for blanket approval. The two methyl bromide projects have been combined in a single submission to this meeting entitled "Phase-out of methyl bromide in strawberry, protected vegetables and cut flower production". There is no outstanding issue with the project, but in keeping with customary practice, it has been submitted for individual consideration (Annex I).

Mexico: Manufacture of rigid polyurethane spray foam and integral skin foam at Comsisa

Mexico: Manufacture of commercial refrigerators at Metalplus

Mexico: Manufacture of commercial refrigerators at Refrigeracion Duran

14. At the 29th Meeting the above three projects were deferred pending clarification from Mexico on whether CFCs at prices lower than those currently prevailing in the country were available to enterprises which had not received Multilateral Fund Assistance (Decision 29/51). UNDP and UNIDO wrote to the Secretary for the Environment, Natural Resources and Fisheries of the Government of Mexico, addressing the request of the Executive Committee as per

Decision 29/51 and outlining the issue from each agency's perspective. Information subsequently provided by the Government of Mexico, while canvassing agencies' concerns, did not address the requirements of Decision 29/51. The Fund Secretariat has therefore initiated discussions with the Government of Mexico regarding the decision. These discussions are still ongoing and the results will be reported by the Secretariat to the Sub-Committee on Project Review. Accordingly, the projects have not been included in documentation for the 30th Meeting as there is no new information on which the Executive Committee could base its deliberations.

India: Conversion of domestic refrigeration manufacture at GGEAL

15. At the 29th Meeting, the Executive Committee requested the Secretariat to continue consultations with the implementing agency and report back to the 30th Meeting (Decision 29/61). Following additional discussions, a number of outstanding issues regarding eligible capital costs have been successfully resolved. However at the time of preparation of this paper, additional information is essential to establish the level of funding eligible for the remaining capital cost item. Additionally, the Secretariat has indicated to the World Bank its assessment of eligible funding for incremental operating costs on the basis of relevant Executive Committee decisions, established practices and project information provided by the Bank. At the time of preparation of this paper the World Bank is preparing a mission to India, inter-alia to obtain additional information on this project.

16. The project has not changed since the 29th Meeting. Since there are no policy issues for which guidance from the Executive Committee would be required, and since certain of the outstanding cost issues which caused deferral of the project at the 29th Meeting have not yet been resolved, the project has not been included in documentation for the 30th Meeting at this stage. If the remaining issues are finalised within the ten-working-day deadline set by the Executive Committee, the project will be submitted to the Executive Committee by means of an addendum to document UNEP/OzL.Pro/ExCom/30/30 together with a recommendation on the level of funding.

Resource allocation

17. The value of projects and activities likely to be recommended for the approval of the Executive Committee at the conclusion of the meeting of the Sub-committee on Project Review may exceed the funding available for commitment at the 29th Meeting. Consistent with established practice, the Executive Committee might wish to consider allocating the available funding to Work Programme Amendments for UNEP and the 2000 Work Programmes of the other agencies. The Executive Committee might further request the Secretariat to authorise the intersessional transfer of funds by the Treasurer to the relevant implementing agencies for approved investments projects once enough contributions have been received.

ANNEX I**LIST OF PROJECTS FOR INDIVIDUAL CONSIDERATION**

<u>Country</u>	<u>Project</u>	<u>Sector</u>	<u>Agency</u>	<u>Doc. No.</u>	<u>Issue</u>
Argentina	Phaseout of methyl bromide in strawberry, protected vegetables and cut flower production	FUM	UNIDO	30/27	No issues for individual consideration as per established practice for methyl bromide projects.
Senegal	Recovery and recycling (Refrigerant Management Plan)	REF	UNIDO	30/31	Justification for extension of previously implemented recovery and recycling project.
China	Year 2000 Annual Plan for the CFC Production sector in China	PRO	World Bank	30/28	Quality of information on implementation of the 1999 annual plan
India	CFC Production sector gradual phaseout project – 2000 annual programme	PRO	World Bank	30/30	Meeting at which funding for the 2000 annual programme should be approved.