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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fourth Meeting
Prague, 29 November-3 December 2004

AMENDMENTS TO THE 2004 WORK PROGRAMME OF UNIDO

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COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

1. UNIDO is requesting approval from the Executive Committee for US \$1,906,130 for amendments to its 2004 Work Programme plus agency support costs of US \$30,985.
2. The activities proposed in UNIDO's Work Programme Amendments are presented in Table 1 below:

Table 1: UNIDO Work Programme Amendments

Country	Activity/Project	Amount Requested US \$	Amount Recommended US \$
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL			
A1. Project preparation:			
Brazil	Preparatory assistance in methyl bromide sector (tobacco, flowers, horticulture)	40,000	40,000
China	Preparation of an MDI sector plan	90,000	90,000
Cote d'Ivoire	Preparation of a project in the aerosol sector	15,000	15,000
Georgia	Preparation of a national halon bank	15,000	15,000
Georgia	Preparation of structure (fumigation of commodities in mill factories and grain storage)	30,000	30,000
Iran	Preparatory assistance in the methyl bromide sector (soil fumigation in olive tree nurseries)	9,830	9,830
Romania	Preparatory assistance for the phase-out of CTC (process agents)	20,000	20,000
Subtotal for project preparation:		219,830	219,830
A2. Renewal of institutional strengthening project:			
		ODP tonnes	
Serbia and Montenegro	Renewal of institutional strengthening project: phase II	10.8	131,300
Subtotal for institutional strengthening projects:		131,300	131,300
A3. Other activities:			
Oman	Awareness workshop and training on methyl bromide alternatives	35,000	35,000
Subtotal for other activities:		35,000	35,000
SUB-TOTAL SECTION A		386,130	386,130
SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION			
B1. Project preparation			
Turkey	Preparatory assistance for the phase-out of bromochloromethane (process agents)	20,000	
SUB-TOTAL SECTION B		20,000	
CORE UNIT FUNDING		1,500,000	[1]
Subtotal		1,906,130	
Agency support costs (nil for core unit funding, 7.5 per cent for project preparation and 9 per cent for other activities under US \$250,000)		30,985	
Total:		1,937,115	

[1] Considered under document UNEP/OzL.Pro/ExCom/44/9

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL**A1: Project preparation**Fund Secretariat's recommendation

3. The Fund Secretariat recommends blanket approval of the project preparation activities listed in Section A of Table 1 at the level of costs indicated.

A2: Renewal of institutional strengthening project

(a)	Serbia and Montenegro (phase II)	US \$131,300
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Project description

4. The description of the institutional strengthening project for the above country is presented in Annex I to this document.

Fund Secretariat's recommendation

5. The Fund Secretariat recommends the above activity for blanket approval at the level of funding as shown in Table 1. The Executive Committee may wish to convey to the Government of Serbia and Montenegro the comments which appears in Annex II to this document.

A3: Other activitiesOman: Awareness workshop and training on methyl bromide alternatives (US \$35,000)

6. The Government of Oman has submitted for consideration by the Executive Committee a request for an awareness workshop and training on methyl bromide (MB) alternatives.

7. In 1999, MB consumption in Oman was estimated at 2.5 ODP tonnes, used mainly for fumigation of commodities (dates, others dry fruits and cereals), for soil fumigation and for fumigation of substrate. Between 1999 and 2001, MB alternatives were introduced (phosphine for commodities and metam sodium for soil and substrate fumigation) resulting in the complete phase-out of MB. Since 2002, MB consumption in Oman has been nil. The MB baseline for compliance is 1 ODP tonne.

8. Although consumption of MB has been phased out, the alternative technologies could pose problems for farmers if they are not applied properly. Problems include insect resistance, low efficacy, toxicity and decreased quality of the commodities stored. Therefore, farmers need to be properly informed and trained to optimize the use of alternatives. In this regard, the Government of Oman has requested that a project be undertaken to increase awareness of MB alternatives through the implementation of two workshops, one for commodities and another for substrate and soil fumigation.

Secretariat's comments

9. The Secretariat notes that the project proposal has been submitted pursuant to Decision 39/38 (i.e., implementing agencies and bilateral agencies were requested to submit technical assistance programmes for the complete phase-out of MB in countries with very low MB consumption rather than requests for the preparation of an investment project).

10. The Secretariat reviewed the project proposal for Oman in light of the strategy and guidelines for projects in the MB sector (Decision 32/80), and also taking into account that, currently, there are 13 Article 5 countries that have reported MB baselines below 5 ODP tonnes; 36 countries have reported MB baselines equal to zero, or do not have a calculated baseline, or are not consuming MB; and 22 countries are not yet Parties to the Copenhagen Amendment.

11. According to the guidelines, countries that have not used any MB for controlled purposes during the 1995-1998 period for non-investment assistance could be assisted specifically to put in place measures to disallow imports of MB in order to ensure compliance with the Montreal Protocol requirements. However, the Secretariat concluded that this condition does not apply to Oman, since Oman had consumed MB during the 1995-1998 period and, from 1 January 2005, could consume up to 0.8 ODP tonnes and be in compliance with Protocol requirements. Additionally, the proposal is for the provision of technical assistance rather than support for regulatory measures.

12. The Secretariat was concerned about the approach proposed and the applicability of alternative ways to meet Oman's needs, such as through the resources available under UNEP CAP which do not appear to have been explored in depth. In this regard, the Secretariat pointed out that a one-day practical demonstration and a round table discussion per sub-sector, as contained in the proposal, may have only a minimal and limited impact on increasing the awareness of MB alternatives and, more importantly, on avoiding the reintroduction of MB as a fumigant in Oman. UNIDO reported that the main purpose of the workshops and practical demonstrations is to reach the largest number of farmers as well as national institutions (i.e., universities and extension services) and private enterprises dealing with pest management. UNIDO will consider a study tour for a restricted number of people (two to three) to a country with an ongoing MB phase-out project in similar sectors. An additional meeting with representatives from the Ministry of the Environment and the Ozone Office will be arranged to ascertain the continued implementation of policies banning the import and/or use of MB (UNIDO will seek the cooperation of UNEP CAP in this area). UNIDO believes that the proposed schedule maximizes information transfer and minimizes farmer's difficulties due to long absences from their businesses. Farmers already have experience in the application of MB alternatives, but they need to improve both efficiency and safety.

Secretariat's recommendation

13. The Secretariat recommends blanket approval of the above project at the funding level shown in Table 1.

SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION

B1: Project preparation

Turkey: Preparatory assistance for the phase-out of bromochloromethane (process agents)
(US \$20,000)

Project description

14. The project to be prepared will phase-out the consumption of bromochloromethane used as a process agent in the manufacture of Sultamicillin, an antibiotic. This application has not yet been listed as an endorsed process agent use by the Parties to the Montreal Protocol. However it is contained in the report of the TEAP that is to be presented to the 16th Meeting of the Parties to take place from 24-26 November 2004.

Fund Secretariat's recommendation

15. If the Parties endorse this application as a process agent use at their 16th Meeting, the Executive Committee may wish to approve the project preparation request at the level of funding indicated in Table 1. Otherwise, the request would not be eligible.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Serbia and Montenegro: Renewal of institutional strengthening

Summary of the Project and Country Profile	
Implementing Agency:	UNIDO
Amount originally approved: Phase I: July 1998	151,500
Total	151,500
Amount requested for renewal (US \$):	131,300
Amount recommended for approval (US \$)	131,300
Agency support costs (US \$)	9,848
Total cost of institutional strengthening Phase II to the Multilateral Fund	141,148
Date of approval of country programme	July 1998
Date of approval of country programme update (if applicable)	
Total ODS consumption reported in country programme (1998), (ODP tonnes)	924.7
Latest reported total ODS consumption (2003) (ODP tonnes)	411.9
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	849.2
(b) Annex A Group II (Halons) (Average 1995-1997)	3.8
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	11.0
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	
(e) Annex E (Methyl bromide) (Average 1995-1998)	
Latest consumption of controlled substances (2003) (ODP tonnes):	
(a) Annex A Group I (CFCs)	411.9
(b) Annex A Group II (Halons)	
(c) Annex B Group II (Carbon tetrachloride)	
(d) Annex B Group III (Methyl chloroform)	
(e) Annex C Group I (HCFCs)	
(f) Annex E (Methyl bromide)	
Amount approved for projects (US \$)	5,932,039
Amount disbursed (as at September 2004) (US \$):	3,617,445
ODS to be phased out (ODP tonnes)	703.4
ODS phased out (as at September 2004) (ODP tonnes)	114.2-

Progress Report

1. During the reporting period, the National Ozone Unit (NOU) of Serbia and Montenegro was involved in harmonizing internal legislation with international regulations, specifically, the ratification process of Montreal Protocol amendments was initiated and the internal regulations on export and import of controlled substances were improved resulting in a changed format for the import license and in an easier data collection system for reporting on ODS. The NOU was also involved in the preparation, monitoring and implementation of investment projects aiming at substantial phase-out of CFCs. The halon bank was established and the halon bank concept was introduced to the stakeholders through workshops and seminars. The NOU also organized awareness activities together with the local media and NGOs for the public and the professional community.

2. In March 2003, the NOU was transferred to the Ministry of Foreign Affairs, Department for International Scientific, Technical and Cultural Co-operation of the new State Union of Serbia and Montenegro. The Ozone Manager is also a Senior Advisor having access to senior decision makers.

Plan of Action

3. In the next two years, Serbia and Montenegro will continue with the implementation of its country programme and National Phase-out plan activities having as the main focus the reduction of current CFC consumption levels. Serbia and Montenegro will up-grade its existing legal system to support the achievement of Montreal Protocol activities and will incorporate them into the context of the National Strategy for Sustainable Development. Serbia and Montenegro will implement the RMP, including the organization of the Freon Banks and support the transfer of the national halon bank functions to the regional halon bank.

Annex II

**VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS
OF INSTITUTIONAL STRENGTHENING PROJECTS
SUBMITTED TO THE 44TH MEETING**

Serbia and Montenegro

1. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Serbia and Montenegro and notes with appreciation that Serbia and Montenegro reported data to the Ozone Secretariat was lower than its 1995-1997 average CFC compliance baseline. Serbia and Montenegro therefore appears to be in compliance with the CFC consumption freeze levels. The Executive Committee also notes that within the framework of the institutional strengthening project, Serbia and Montenegro has taken significant steps to phase out its ODS consumption. Specifically, initiating the development of a system for data collection and monitoring of ODS consumption and the initiation of ratification process of Montreal Protocol amendments; the organization of ozone awareness activities. The Executive Committee greatly supports the efforts of Serbia and Montenegro to reduce the consumption of CFCs. The Executive Committee is therefore hopeful that, in the next two years, Serbia and Montenegro will continue with the implementation of its country programme and refrigerant management plan activities with outstanding success in the reduction of current CFC consumption levels.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
44th Executive Committee of the
Multilateral Fund for the Implementation
of the Montreal Protocol

UNIDO 2004 Work Programme
Amendment H
(Rev. 29 Oct. 2004)

Item	Country	Title of Project	Sector	Type	Requested Amount (US\$) in Work Programme 2004 (excl. A.S.C.)	Requested Amount (US\$) in Work Programme 2004 (incl. A.S.C.)	ODP tonnes to be phased out by INV project	Duration in months
Institutional strengthening								
1	Serbia and Montenegro	Renewal of institutional strengthening, Phase II	SEV	INS	131,300	141,148	10.80	24
1	Sub-Total	INS projects			131,300	141,148		
Project Preparation								
1	Brazil	Preparatory assistance in the MeBr. Sector (tobacco, flowers, horticulture)	FUM	PRP	40,000	43,000	300.00	12
1	P.R. of China	Preparation of a MDI Sector Plan	PHO	PRP	90,000	96,750	369.00	12
1	Côte d'Ivoire	Project preparation in the aerosol sector	ARS	PRP	15,000	16,125	30.00	12
1	Georgia	Preparation of a National Halon Bank	HAL	PRP	15,000	16,125	40.00	12
1	Georgia	Preparation of structure (fumigation of commodities in mill factories and grain storage)	FUM	PRP	30,000	32,250	6.00	12
1	Iran	Preparatory assistance in the MeBr. Sector (soil fumigation in olive tree nurseries)	FUM	PRP	9,830	10,567	10.00	12
1	Romania	Preparatory assistance for the phase-out of CTC (process agents)	PHO	PRP	20,000	21,500	200.00	12
1	Turkey	Preparatory assistance for the phase-out of Bromochloromethane (process agents)	BCM	PRP	20,000	21,500	20.00	12
8	Sub-Total	PRP projects			239,830	257,817		
Training/Technical assistance								
1	Oman	Awareness workshop and training on methyl bromide alternatives	FUM	TRA	35,000	38,150	0.00	12
1	Sub-Total	TAS/TRA projects			35,000	38,150		
Core Unit Funding								
1	Global	Core unit budget 2005			1,500,000	1,500,000		
1	Sub-Total	Core unit funding			1,500,000	1,500,000		
11	TOTAL				1,906,130	1,937,115		