



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/44/51
31 October 2004

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: PAKISTAN

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

Refrigeration

- Implementation of the RMP (institutional framework, customs empowerment, training service technicians, recovery and recycling) (second tranche) UNIDO

**PROJECT EVALUATION SHEET
PAKISTAN**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

(a)	Implementation of the RMP (institutional framework, customs empowerment, training service technicians, recovery and recycling) (second tranche)	UNIDO
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NATIONAL CO-ORDINATING AGENCY	Ministry of Environment
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP tonnes, 2003 as of October 2004)**

Annex A Group I CFCs	1,124.0		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes, 2003 as of October 2004)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
CFCs	Refrigeration 1,018.0			

CFC consumption remaining eligible for funding (ODP tonnes)	0
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$	Phase-out ODP tonnes
(a)		574,000	100.8

PROJECT TITLE:	RMP
ODS use at enterprise (ODP tonnes):	n/a
ODS to be phased out (ODP tonnes):	*
ODS to be phased in (ODP tonnes):	n/a
Project duration (months):	12
Initial amount requested (US \$):	534,200
Final project cost:	
Incremental Capital Cost (US \$)	
Contingency (10%) (US \$)	
Incremental Operating Cost (US \$)	
Total Project Cost (US \$)	534,200
Local ownership (%):	100
Export component (%):	n/a
Requested grant (US \$):	534,200
Cost-effectiveness (US \$/kg):	n/a
Implementing agency support cost (US \$):	40,065
Total cost of project to Multilateral Fund (US \$):	574,265
Status of counterpart funding (Y/N):	n/a
Project monitoring milestones included (Y/N):	Y

SECRETARIAT'S RECOMMENDATION	Blanket approval at the costs indicated above
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* 215 ODP tonnes of CFCs by 2007

PROJECT DESCRIPTION

Background

1. At its 41st Meeting, the Executive Committee approved in principle the refrigerant management plan (RMP) for Pakistan at a total level of funding of US \$1,139,500 plus agency support costs of US \$85,463 for UNIDO for the phase out of 215 ODP tonnes of CFCs in the refrigeration servicing sector by 2007. That represents the total CFC consumption eligible for funding in this sub-sector, and the RMP was approved on the understanding that remaining consumption in the refrigeration servicing sector would be phased out by the Government of Pakistan without further assistance from the Multilateral Fund. At the same Meeting, the Executive Committee allocated US \$191,000 for the first tranche of the RMP project.

2. The Government of Pakistan has submitted for consideration by the Executive at its 44th Meeting a request for the second tranche of the RMP project at the amount of US \$534,200 excluding agency support costs.

Progress report

3. The level of CFC consumption in Pakistan, as reported by the Government under Article 7, decreased by more than 520 ODP tonnes between 2002 (1,647 ODP tonnes) and 2003 (1,124 ODP tonnes). The CFC baseline for compliance is 1,679.4 ODP tonnes.

4. Implementation of the RMP project started in January 2004, with discussions between the Ministry of Environment, the Ozone Unit and UNIDO. The Ozone Unit, UNIDO and the local UNDP office conducted a selection process to find national experts to implement the project. A training programme on ODS issues was provided in the United Kingdom.

5. The Government of Pakistan has undertaken the following actions:

- (a) The Ministry of Commerce has issued a public notice through the daily newspapers, informing that ODS imports will be regulated through a licensing and quota system;
- (b) So far, requests from 32 ODS importers have been received by the Ministry of Commerce. Evaluation of the import requests is in progress; and
- (c) The Ministry of Environment is implementing awareness programmes through newspaper articles (in English and Urdu) on avoiding the use of CFC-based refrigeration equipment and products; celebration of Ozone Day; and a televised interview with the Minister of Environment highlighting Pakistan's commitment to phase out ODS consumption according to the Montreal Protocol's schedule.

6. The Directorate General for Training and Research, Customs Excise and Sales Tax, which is responsible for training customs officers in Pakistan, was selected as the institution to provide training to customs officers under the RMP. So far, 16 trainers and 60 customs officers

have received training on ODS-related issues; training programmes for an additional 60 customs officers are planned to be conducted in 2004. Three refrigerant identification kits (out of 40 kits) have been distributed to three training centres. The remaining 37 kits are currently under customs clearance and will be distributed to the country's major points of entry.

7. The National Bureau of Training (Islamabad), the Technical Education and Vocational Training Authority (Punjab) and the Directorate of Technical Education (Sindh) have been selected as the institutions responsible for implementing the training programmes for refrigeration servicing technicians. Training course for 20 trainers will be provided in 2004; the first batch of training equipment to be used in the workshops (including recovery and recycling units and tools) has been delivered to the country.

2005 plan of action

8. The following activities to phase-out 80 ODP tonnes of CFCs are being proposed:
- (a) Issuance of licenses to regulate ODS imports into the country and establishment of a legal policy for the use of ODS in the refrigeration servicing sector;
 - (b) Contracts will be made with the institutes that have already being selected to train over 3,000 refrigeration service technicians. Several training equipment kits (including recovery and recycling units) will be procured; training materials and text books will be updated based on the material available at the national training institutes, taking into consideration information related to good servicing practices when dealing with ODS, including recovery and recycling of refrigerants, new alternative refrigerants, the revised service code, and the ODS regulations;
 - (c) Establishment of 20 recycling centres throughout the country including training in administration, recovery and recycling operations and ODS regulations for the personnel operating the centres. The first phase for the provision of recovery machines and basic tools to servicing workshops will be implemented;
 - (d) Continuation of public awareness campaigns through newspapers; distribution of brochures, pamphlets and other material; television campaigns; and
 - (e) Project monitoring by national senior experts.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

9. In response to a question by the Secretariat regarding the current status of implementation of the licensing/quota system in Pakistan, UNIDO pointed out that, since 1 July 1999, the Government had introduced the CFC licensing system, and the licensing system for other ODS was likely to be introduced by the end of 2004. Furthermore, the Government of Pakistan

intended to ban the venting of CFCs into the atmosphere, enact regulations to use recycled CFCs and develop the infrastructure for recycled CFCs.

10. The Secretariat also requested information on the current prices of CFCs and alternative refrigerants, taking into consideration that the recovery and recycling programme proposed in Phase II of the RMP could not commence until relevant legislation was in place and the prices of CFC and non-CFC refrigerants are similar (Decisions 28/44 and 38/38). UNIDO reported that, in 2003, the price per kg of CFC-12 was between US \$2.00 and US \$2.50, while the price of HFC-134a was between US \$4.00 and US \$4.50 per kg. In 2002, the prices of these refrigerants per kg were: US \$3.00 to US \$4.00 for CFC-12 and US \$8.40 to US \$9.30 for HFC-134a. UNIDO also pointed out that the price of CFC-12 was expected to increase as CFC production dropped. On this basis, UNIDO considered that implementation of the recovery and recycling project component could be started.

11. Based on the poor results achieved so far through the implementation of recovery and recycling projects in all Article 5 countries and the price difference between CFC and non-CFC refrigerants in Pakistan the Secretariat wished to propose a different approach for the implementation of Phase II of the project. Through this approach, the funds available (US \$534,000) would be fully allocated under one umbrella technical assistance component, without a specific number of recovery and/or recycling machines to be procured. During project implementation, funds would be drawn upon to address specific needs as they arose, such as providing basic service tools should technicians experience difficulties in implementing good practices; step-wise procurement of recovery and recycling machines in the event of a steep rise in the price of CFCs; or performing very cost-effective retrofits of refrigeration systems where the long-term sustainability of the conversion had been fully demonstrated. UNIDO indicated, however, that in its view satisfactory results had been reported in Macedonia, Romania and Sudan. Moreover, of the requested funds for the Phase II, only US \$200,000 had been budgeted for the recovery and recycling programme, while the remaining US \$334,000 would be used to train the servicing technicians and for project management. On this basis, UNIDO wished to maintain the proposed level of recovery and recycling activities in Pakistan.

RECOMMENDATION

12. The Fund Secretariat recommends blanket approval of the second tranche of the project proposal in the amount of US \$534,200 plus agency support costs.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Implementation of the RMP (institutional framework, customs empowerment, training service technicians, recovery and recycling) (second tranche)	534,200	40,065	UNIDO

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