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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

**PROJECT PROPOSALS: PHILIPPINES**

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

Fumigant

- Technical assistance for a national methyl bromide phase-out strategy World Bank

Phase out

- National CFC phase-out plan: 2005 annual programme World Bank and Sweden

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**PROJECT EVALUATION SHEET - NON-MULTI-YEAR PROJECT  
PHILIPPINES**

PROJECT TITLES	BILATERAL/IMPLEMENTING AGENCY
(a) Technical assistance for a national methyl bromide phase-out strategy	World Bank

<b>NATIONAL CO-ORDINATING AGENCY</b>	DENR-EMB and DA-FPA
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**

**A: ARTICLE-7 DATA (ODP tonnes, 2003, October 2004)**

Annex E: Methyl bromide	9.00		
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**B: COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes, 2003, October 2004)**

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity
Methyl bromide	9.03			

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	n/a
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$	Phase-out ODP tonnes
	(a)	151,000	7.0

<b>PROJECT TITLE:</b>	<b>Technical assistance</b>
<b>ODS use at enterprise (ODP tonnes):</b>	9.03
<b>ODS to be phased out (ODP tonnes):</b>	9.03
<b>ODS to be phased in (ODP tonnes):</b>	n/a
<b>Project duration (months):</b>	48
<b>Initial amount requested (US \$):</b>	396,000
<b>Final project cost:</b>	
Incremental Capital Cost (US \$)	
Contingency (10%) (US \$)	
Incremental Operating Cost (US \$)	
Total Project Cost (US \$)	548,595
<b>Local ownership (%):</b>	100
<b>Export component (%):</b>	0
<b>Requested grant (US \$):</b>	330,000
<b>Cost-effectiveness (US \$/kg):</b>	n/a
<b>Implementing agency support cost (US \$):</b>	24,750
<b>Total cost of project to Multilateral Fund (US \$):</b>	354,750
<b>Status of counterpart funding (Y/N):</b>	Y
<b>Project monitoring milestones included (Y/N):</b>	Y

<b>SECRETARIAT'S RECOMMENDATION</b>	For individual consideration
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## PROJECT DESCRIPTION

1. The Government of the Philippines has submitted for consideration by the Executive Committee at its 44th Meeting a project proposal to phase out 9.0 ODP tonnes of methyl bromide (MB) used mainly in the fumigation of flour mills and structures (4.1 ODP tonnes), grain fumigation (4.8 ODP tonnes) and soil fumigation (0.1 ODP tonnes). This represents the total consumption of controlled uses of MB in the Philippines. An additional 36.0 ODP tonnes of MB were consumed in 2002 for quarantine and pre-shipment (QPS) applications. The MB baseline for compliance is 8.0 ODP tonnes.

### MB consumption

2. In the 1960s, MB was used in the Philippines for soil fumigation in banana crops and on golf courses, and for the fumigation of grain storage and mills. In the 1990s, the banana industry began seeking alternatives due to stipulations by importers. In addition growth of MB use in the golf industry slowed in parallel with the discovery that pests could be controlled through alternative practices.

3. MB consumption in the Philippines has, however, steadily continued, albeit at lower levels, because of resistance on the part of some small banana farmers and several other industry representatives to switch to MB alternatives. Shifting to substitutes and alternatives that will result in total elimination of non-QPS MB use entails changes in practices and procedures that many fumigation practitioners will find difficult and unaffordable. Furthermore, all users (even those that have already switched to alternatives), will need to adopt a more sustainable approach to pest management, which prevents dependence on one or two chemical alternatives due to likelihood of future pest resistance.

4. Because of the steady level of non-QPS MB consumption for the last several years, the Philippines is concerned about its first consumption reduction target under the Montreal Protocol, a reduction of nearly one ODP tonne to be achieved in less than half a year.

### MB regulations

5. The Fertilizer and Pesticides Authority of the Department of Agriculture is the agency in charge of regulating the importation, distribution and use of pesticides, including MB by virtue of Presidential Decree 1144 originating in 1977. Under Republic Act 6969, Department of Environment and Natural Resources was given the authority to control toxic substances and hazardous and nuclear waste. Under this Act, the Department has issued orders establishing monitoring mechanisms, policies, administrative measures and prohibitions on chemicals, including ODS, in order to ensure the country's compliance with the agreements it is party to, such as the Montreal Protocol.

6. In order to ensure compliance with the Montreal Protocol and in support of the Philippine's commitment to eliminate controlled uses of MB by early 2011, the Ozone Desk (within the Department of Environment and Natural Resources), and the Fertilizer and Pesticides Authority have undertaken to develop a strategy to address and phase out all remaining controlled uses of MB.

MB projects approved for the Philippines

7. The Philippines has received assistance in the past to address MB consumption. A technical assistance project to enhance the capacity of local agricultural organizations and non-governmental organizations in MB communication was approved by the Executive Committee at its 30th Meeting at a total cost of US \$25,000. The activity has been implemented by UNEP. Of the total funds approved, US \$8,880 was returned to the Multilateral Fund at the 43rd Meeting of the Executive Committee.

8. The Executive Committee also approved US \$231,000 for a demonstration, training and policy development project on alternatives to MB for banana soil fumigation (implemented by UNDP) at its 26th Meeting. However, the main beneficiaries of the project, large banana plantations, had commenced exploring alternatives to MB in response to client demand at about the same time. After project approval, securing industry interest in continuing with the demonstration project became difficult, the project was cancelled at the 43rd Meeting of the Executive Committee and US \$214,534 was returned to the Multilateral Fund.

Project proposal

9. The Philippines received project preparation funds from the Executive Committee at its 42nd Meeting to prepare a strategy to completely phase out its non-QPS use of MB. Strategy preparation consisted of three components:

- (a) Data gathering and consultation with all industry stakeholders in order to establish a realistic baseline of MB consumption and to determine latest consumption of MB for the Philippines. This process likewise served to facilitate communication between the Government and other MB stakeholders and to reach agreement on a common approach toward the phase-out programme;
- (b) Analysis of the information gathered to formulate the phase-out plan. The data gathering and verification process resulted in the identification of the supply chain from importation to distribution, users and use pattern of MB; and
- (c) Formulation, drafting and finalization of the strategy in close consultation with the relevant government agencies and stakeholders.

10. The objective of the MB phase-out strategy is to gradually reduce and phase out 9.03 ODP tonnes of MB used in the fumigation of soil, structures and commodities, and to ensure that there are eventually viable and permanent alternatives and alternative approaches to maintain this phase-out. The phase-out strategy will allow the Philippines to meet its target of reducing MB consumption to 8.24 ODP tonnes in 2005 to comply with Montreal Protocol obligations, and to completely phase out non-QPS use of MB by the end of 2010.

11. The plan proposes to promote environmentally friendly MB substitutes and alternatives. The plan includes training, technical assistance and, to a lesser degree, financial incentives to promote a permanent shift to alternatives and ensure that the possibility of reverting to MB

non-QPS use is eliminated. It also proposes policy shifts and the reinforcement and enhancement of government regulations pertaining to the importation, sale, possession and use of MB to ensure that MB will no longer be used.

12. The Government of the Philippines is requesting financial support of US \$396,000 to cover part of the cost of the MB phase-out strategy.

13. The estimated timeframe for project implementation is five years.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

14. The Secretariat reviewed the phase-out plan in light of the report of the Implementation Committee at its 32nd Meeting, held in Geneva on 17-18 July 2004. The Secretariat notes the well documented and thorough project prepared by the Government of the Philippines with the assistance of the World Bank.

#### Policy issue related to MB baseline

15. At their 15th Meeting, the Parties to the Montreal Protocol noted that the Philippines (among other Article 5 countries) have reported annual data for MB which are above their freeze level in consumption. In the absence of further clarification, the Philippines (among other Parties) are presumed to be in non-compliance with the control measures under the Protocol. The Parties also requested the Philippines to submit to the Implementation Committee, for consideration at its next meeting, an explanation for their excess consumption together with plans of action with time-specific benchmarks to ensure a prompt return to compliance. The Parties also decided to monitor closely the progress of the Philippines (among other Parties) with regard to the phase-out of MB. To the degree that those Parties are working towards meeting the specific Protocol control measures, they should continue to be treated in the same manner as Parties in good standing (Decision XV/25).

16. At its 32nd Meeting, the Implementation Committee considered a request by the Government of the Philippines to correct its 1998 consumption figure to 9.8 ODP tonnes. This would lead to a change in its baseline consumption from 8.01 to 10.3 ODP tonnes, and its 2002 MB consumption to be recorded as 7.8 ODP tonnes, which would place it back in compliance. Subsequently, through its recommendation 32/16 and pursuant to paragraph 2 (a) of decision XV/19 of the Parties to the Montreal Protocol (i.e., methodology for submission of requests for revision of baseline data), the Implementation Committee requested the Philippines to submit (through the Ozone Secretariat), a copy of a survey report with the full survey findings, together with an explanation of the methodology used in collecting and verifying the proposed new baseline data. On the basis of this report, the Implementation Committee will review, at its 33rd meeting in November 2004, the Philippines' request for a revision of its baseline data.

17. Pursuant to recommendation 32/16, the Government of the Philippines has submitted all relevant documents to the Ozone Secretariat for consideration by the Implementation Committee. The Parties at their 16th Meeting will consider the request for the change in the level of MB consumption reported by the Government of Philippines in 1998 and 2002.

Date for MB phase-out and level of funding requested

18. The project duration is 5 years. In this regard, the Secretariat discussed with the World Bank the possibility of reducing the implementation time, taking into consideration the relatively small level of MB consumption in the Philippines (9 ODP tonnes) mainly used for fumigation of commodities and structures; the alternative technologies that are already available and implemented in the Philippines (e.g., phosphine); and the institutional and technical infrastructure in the country that controls chemicals in the agricultural and commodities sub-sectors. Given those factors, and the fact that the incremental equipment and material required to implement the proposed technology is minimal, the Secretariat considered that the cost of the project as submitted (US \$395,000) was high.

19. Subsequently, the World Bank indicated that the Government of the Philippines agreed to reduce the project implementation time by 2 years, and therefore achieve the phase-out of controlled uses of MB by 2009. The reduction in the implementation time resulted in adjustments to project costs (from US \$396,000 to US \$330,000). Although the more rapid phase-out will reduce the incremental cost of the project, the advanced phase-out of MB will require more upfront work (piloting approaches and training fumigators) with the three user groups and the respective sub-sectors. The additional costs associated with the phase-out and the non-incremental costs of monitoring, awareness-raising and enforcement post phase-out until 2015 will be covered by the Government of the Philippines. These costs have been estimated at about US \$220,000. The level of funding agreed between the Secretariat and the World Bank was US \$330,000.

**RECOMMENDATION**

20. The Executive Committee may wish to consider approval of the project proposal in the light of the Fund Secretariat's comments and any decision the Parties to the Montreal Protocol might take in regard to the change in reported MB consumption levels for 1998 and 2002 by the Philippines. The resulting decision taken by the Executive Committee will be without prejudice to the operation of the Montreal Protocol's mechanism for dealing with non-compliance.

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**

**COUNTRY: PHILIPPINES**

**PROJECT TITLE**

**BILATERAL/IMPLEMENTING AGENCY**

National CFC phase-out plan: 2005 annual programme	World Bank
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**SUB-PROJECT TITLES**

National CFC phase-out plan: servicing sector/PMU (third tranche)	Sweden
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**NATIONAL CO-ORDINATING AGENCY:**

Department of Environment and Natural Resources –  
Philippines Ozone Desk / Project Management Unit

**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**

**A: ARTICLE-7 DATA (ODP TONNES, 2003, AS OF 22 SEPTEMBER 2004)**

CFC-11	237.74		
CFC-12	1,184.65		

**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2003, AS OF 22 SEPTEMBER 2004)**

ODS	Foam	Ref.	Aerosol	ODS	Solvents	Process agent	Fumigant
CFC-11	180.84	56.9	--				
CFC-12	--	1,182.50	2.15				

**CFC consumption remaining eligible for funding (ODP tonnes)**

0

**CURRENT YEAR BUSINESS PLAN:** Total funding US \$2,200,071: total phase-out 301 metric tonnes

<b>PROJECT DATA</b>		2004	2005	2006	2007	2008	2009	2010	Total
<b>CFC-11/12</b>  (ODP tonnes)	Montreal Protocol limits	3,055.9	1,528	1,528	458.4	458.4	458.4	0	
	Annual consumption limit	1810	1509	1360	453	400	300	0	
	Annual phase-out from ongoing projects								
	Annual phase-out newly addressed	150	301	149	907	53	100	300	2,017.6*
	Annual unfunded phase-out								
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>									<b>2,049.3*</b>
Total ODS consumption to be phased-in (HCFCs)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Final Project costs (US \$): 10,575,410</b>									
Funding for lead agency: World Bank		2,160,071	2,873,197	337,717	110,000				10,216,876
Funding for Sweden		40,000	0	0	0				358,534
<b>Total project funding requested for implementation in the following year</b>		<b>2,200,071</b>	<b>2,873,197</b>	<b>337,717</b>	<b>110,000</b>				<b>10,575,410**</b>
<b>Final Support costs (US \$)</b>									
Support cost for lead agency: World Bank		186,006	248,588	20,795	5,500				
Support cost for Sweden		2,000	0	0	0				
<b>Total support costs</b>		<b>188,006</b>	<b>248,588</b>	<b>20,795</b>	<b>5,500</b>				<b>896,787</b>
<b>TOTAL COST TO MULTILATERAL FUND (US \$)</b>		<b>2,388,077</b>	<b>3,121,785</b>	<b>358,512</b>	<b>115,500</b>				<b>11,472,197**</b>
Final Project cost effectiveness (US \$/kg)									US\$5.24/kg ODP

\*Consumption in project baseline year (2001) was 2,049 ODP tonnes, including 31.7 ODP tonnes for a foam project under UNDP which has since completed. Total CFCs to be phased out under the NCPP is 2,017.6 ODP tonnes with the first reductions taking place in 2003.

\*\*Total funding approved for the NCPP (including Sweden's contribution)

**FUNDING REQUEST: Approval of funding for third tranche (2004) as indicated above.**

<b>SECRETARIAT'S RECOMMENDATION</b>	For blanket approval
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## PROJECT DESCRIPTION

21. The World Bank has submitted to the 44th Meeting, on behalf of the Government of the Philippines, a document requesting the release of payment of US \$2,200,071 in funding and US \$188,006 in support costs for the 2005 annual implementation programme of the Philippines national CFC phase-out plan (NCP). The document consists of:

- (a) Part I: 2004 Annual Programme Accomplishments;
- (b) Part II: 2005 Annual Plan; and
- (c) Part III: Consumption Verification for 2003.

### Background information

22. The Philippines National CFC Phase-Out Plan was approved at the 38th Meeting of the Executive Committee in November 2002, with a total value of US \$10,575,410 and agency support costs of US \$896,788 approved in principle to phase out 2,017.6 ODP tonnes of CFC. The Plan is to be implemented over eight years from 2002 – 2009. The first tranche of US \$3,010,873 million with agency support costs of US \$259,979 was approved at the 38th Meeting in December 2002 for the first phase (2002-2003) with expected CFC phase-out of 31.7 ODP tonnes. The second tranche was approved at the 41st Meeting in December 2003 at US \$2,043,552 for the implementation of the 2004 Work Plan with expected phase-out of 150 ODP tonnes.

23. The CFC control targets and disbursement schedule under the agreement are shown in the table below:

Table 1: Disbursement schedule and control targets for total CFC phase-out in the Philippines (ODP tonnes and US \$)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Maximum allowable CFC consumption	2,049.3	2017.6	1,960	1,810	1,509	1,360	453	400	300	0	
Reduction from ongoing projects	-	31.7	-	-	-	-	-	-	-	-	31.7
New reduction under plan	-	-	57.6	150	301	149	907	53	100	300	2,017.6
Total annual reduction	-	31.7	57.6	150	301	149	907	53	100	300	2,049.3
Agreed funding (WB Component I)	-	2,858,473	1,877,418	2,160,071	2,873,197	337,717	110,000	0	0		10,216,876
WB support costs	-	248,663	160,968	186,006	248,588	20,795	5,500	-			870,520
Agreed funding (Swedish Component II)	-	152,400	166,134	40,000	0	0	0	0	0		358,534
Swedish bilateral support costs	-	11,316	12,952	2,000	0	0	0	0	0		26,268

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Total agreed funding (\$)	-	3,010,873	2,043,552	2,200,071	2,873,197	337,717	110,000	0	0		10,575,410
Total agency support costs (\$)	-	259,979	173,920	188,006	248,588	20,795	5,500	0	0		896,788
Total cost to the MLF		3,270,852	2,217,472	2,388,077	3,121,785	358,512	115,500	0	0		11,472,198

24. Payments in 2004 and subsequent years are subject to:

- (a) Achievement of the reduction targets and consumption limits specified in Table 1 and the other performance requirements contained in this Agreement;
- (b) Approval of the annual implementation programme for the following year; and
- (c) Compliance with the milestones outlined in Table 12.2 of Chapter 12 of the NCPP and the relevant annual implementation programme.

25. In addition, payments in 2004 will be released based on confirmation that: the agreed reductions and maximum consumption targets noted in Table 1 for the previous year have been achieved; it has been verified that CFC phase-out has taken place; and a substantial proportion of the activities planned for the previous year were undertaken in accordance with the annual implementation programme

### **Progress of Implementation of the 2004 Annual Programme**

#### CFC Phase out and reduction level

26. The CFC consumption level in the Philippines for 2003 was set at 1,960 ODP tonnes. Verified CFC consumption based on actual import in 2003 was at the level of 1,422.4 ODP MT. This was 537.6 ODP MT less than the maximum allowable consumption level listed in Table 1 of the Agreement. Provisional CFC consumption estimates indicate that the level of CFC consumption in 2004 would not exceed 1,523 ODP tonnes assessed on the basis of total import quotas issued by the Government, which is lower than the limit established by the Agreement. The final CFC consumption level will be provided in the 2005 verification report.

27. Based on information obtained by the Government through addressing the remaining CFC-based manufacturing sector in 2003 and 2004, the reduction in consumption was 150 ODP tonnes achieved from completed investment projects.

#### Industry actions

28. There is a downward trend in the consumption of CFC-11 and CFC-12 in the Philippines, attributed to its high price compared with alternative chemicals, and the positive impact of Government-led CFC phase-out actions. On 13 April 2004, the legislation act was signed, affirming the ban on the use of CFCs in the manufacturing of new products/equipment and specifically prohibiting the use of CFCs as a blowing agent.

29. The project is currently under implementation, with provision of technical assistance to manufacturers of tear gas using CFC-12 as a propellant, which will enable the industry to switch over to CFC alternatives. The project will be completed in the 4th quarter of 2004.

30. Efforts have been ongoing to replace CFC-MDI with non-CFC-MDI in the Philippines. The government's strategy has been formulated through a series of workshops involving major pharmaceutical companies and importers. An Awareness Program for Health Professionals, Patients and the General Public on the Transition from CFC to CFC/ODS-free MDI alternatives has been launched. It is aimed at informing, educating and communicating to stakeholders and interested parties and the general public about the forthcoming regulatory phase-out of CFC/ODS containing MDIs used in the treatment of bronchial asthma and chronic obstructive pulmonary disease.

#### Training activities

31. Activities to train trainers on how to minimize intentional and unintentional emissions by improving practices are being undertaken in the Philippines. Thirty-five trainers have already been trained to date. Eight more training sessions have been scheduled for September and October to train an additional 150 trainers.

#### Formulation of Policy issuance on MAC Inspection

32. Public consultations will be conducted prior to the finalization of policy issuance by October 2004. The Implementing Rules and Regulations banning CFC-containing MAC prior to vehicle registration will be drafted and finalized by December 2004. Land Transportation Office (LTO) inspectors nationwide are being trained in the basic identification of types of Mobile Air Conditioning (MAC) refrigerants. A total of 306 LTO inspectors from the various regional and district offices nationwide have already been trained.

33. To ensure an improved standard of service in the refrigeration and MAC servicing sector, the Code of Good Practice for the refrigeration and air-conditioning and MAC servicing sector have been developed with assistance from Sweden, and were officially adopted 18 June 2004.

34. A series of meetings with refrigerant importers was conducted to come up with a proposal to establish a refrigerant reclamation facility in the country. Sample calculations for the Reclamation Scheme were discussed and considered during the preparation of the proposal. The list of equipment needed for the facility and the proposed process flow for the recovered refrigerant has been prepared.

35. The process of amending the Implementing Rules and Regulations on the Accreditation of RAC/MAC Service Shops and service technicians has been initiated in the Philippines in order to improve repair and maintenance practices of CFC-based refrigeration systems and minimize refrigerant leakage in the system.

36. Public awareness campaigns have been launched by the Government, targeting refrigeration service shops, equipment owners, the LTO, and the general public through the dissemination of information related to the government's policy on ODS, the publication of articles in newspapers and the organization of communication seminars.

Policy, awareness and training

37. The Government of the Philippines organized a launching workshop for implementing and partner agencies and drafted the chemical control order for ODS. In September, 60 trainers received training, as part of the first batch of 150 technical instructors to train refrigeration technicians. The ODS licensing system is being enforced in cooperation with the customs office.

Audit of 2002 CFC consumption

38. As required by the Agreement, the Government commissioned an independent audit of CFC phase-out. An audit of the 2003 consumption and CFC phase-out data was conducted by an independent auditing consultant to enable a better understanding of the process for future years. A copy of the report was attached to the request for release of the third tranche for information and is available on request. The consumption verified by the audit was 1,422.4 ODP tonnes, corresponding to the figure reported under Article 7 to the Ozone Secretariat. A revision of the data reported is being issued by the Government. Achievement of the 2004 reduction performance target will be similarly confirmed by an audit report in the 2006 Annual Programme.

**Annual implementation programme for 2005**

39. Under the 2005 CFC phase-out programme for the Philippines, a set of specific activities is envisaged: limiting the import of CFC-based MDIs in the MDI sector; completing the conversion of foam and refrigeration equipment manufacturers to non-CFC technologies; continuing to train LTO inspectors, thus preventing backward retrofitting of HFC-based MAC systems; finalization and full introduction of the Code of Good Practice in servicing refrigeration equipment; finalizing and implementing the refrigerant reclamation scheme and continuing the public awareness campaign.

40. The budget of the 2004 programme is reproduced below:

Financial Subsidy for Purchasing Refrigeration Servicing Equipment	821,482.00
Financial Subsidy for Purchasing MAC Servicing Equipment	1,043,152.00
Costs to Initiate Infrastructure to Reclaim CFCs	85,437.00
<b>Sub-total</b>	<b>1,950,071.00</b>
Project Implementation and Monitoring Unit	250,000.00
<b>Total</b>	<b>2,200,071.00</b>

41. The Government of Sweden will provide support to the project implementation and monitoring unit at the cost of US \$40,000 under its bi-lateral component.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

42. The Secretariat noted that resources have been approved for 2003 and 2004 activities in relation to subsidies for purchasing refrigeration servicing and MAC servicing equipment that have not been utilized. Additional resources are requested for these activities in the 2005 Work Plan. The World Bank has been requested to clarify the status of implementation of the above activities, in particular addressing implementation of the subsidy scheme and revolving funds. The World Bank clarified that the procurement of the refrigeration and MAC servicing equipment is in progress. The procurement of the equipment of value over US \$1.0 million has been endorsed by the national bidding committee and disbursement is expected within the next several months. The procurement of training equipment is contingent upon completion of a series of ongoing activities such as training of trainers, finalization of the accreditation scheme and training curricula and certification of service technicians.

43. The Secretariat drew the World Bank's attention to the Executive Committee recommendation related to the implementation of recovery, recycling and reclamation programmes, and to the language introduced in the recent agreements: "the recovery and reuse programmes for the refrigeration servicing sector would be implemented in stages so that remaining resources can be diverted to other phase-out activities, such as additional training or procurement of service tools, if the proposed results are not achieved and will be closely monitored." The Secretariat advised the World Bank to ensure that the Executive Committee's recommendation in relation to recovery and reclamation activities was reflected in the 2005 Work Programme. The World Bank agreed with the Secretariat's proposal. The Philippines will commence with a pilot recovery and recycling activity in the Manila region in early 2005 using the voucher system to distribute equipment to the first batch of service shops employing the trained technicians. Lessons learned from this stage of the programme will be used in future recovery and recycling activities in the country.

### RECOMMENDATION

44. The Fund Secretariat recommends blanket approval of the third tranche of the project with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National CFC phase-out plan: 2005 annual programme	2,160,071	186,006	World Bank
(b)	National CFC phase-out plan: 2005 annual programme	40,000	2,000	Sweden

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