



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/48/23
4 March 2006



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-eighth Meeting
Montreal, 3-7 April 2006

UNIDO WORK PROGRAMME FOR 2006

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

1. UNIDO is requesting approval from the Executive Committee for US \$347,347 for its 2006 Work Programme, plus agency support costs of US \$26,801.
2. The activities proposed in UNIDO's Work Programme are presented in Table 1 below:

Table 1: UNIDO's Work Programme

Country	Activity/Project	Amount Requested US \$	Amount Recommended US \$
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL			
A1. Project preparation:			
Cote d'Ivoire	Project preparation of a terminal phase-out management plan	15,000	15,000
Iran	Project preparation of a phase-out plan in the solvent sector	15,000	15,000
D.P.R. Korea	Project preparation of a process agent terminal umbrella project	30,000	30,000
Kuwait	Project preparation of a terminal phase-out management plan	25,000	25,000
Mexico	Project preparation of a process agent project	30,000	30,000
Romania	Project preparation in the halon sector	15,000	15,000
Senegal	Project preparation of a terminal phase-out management plan	15,000	15,000
Subtotal for project preparation:		145,000	145,000
A2. Renewal of institutional strengthening project:			
Former Yugoslav Republic of Macedonia	Renewal of institutional strengthening project: phase V	132,347	132,347
Subtotal for institutional strengthening projects:		132,347	132,347
SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION			
B1. Project preparation:			
Iran	Project preparation of Padena compressor project (CFC)	20,000	
Subtotal for project preparation:		20,000	
SECTION C: OTHER ACTIVITIES			
Kyrgyzstan	Technical assistance in the halon sector	50,000	[1]
Subtotal for other activities:		50,000	
Subtotal		347,347	
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):		26,801	
Total:		374,148	

[1] Considered under document UNEP/OzL.Pro/ExCom/48/34

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

A1: Project preparation

Preparation of terminal phase-out management plans (TPMPs) in three countries

Project description

3. UNIDO has requested funding for preparation of total phase-out management plans in Cote d'Ivoire and Senegal (US \$15,000 each) and Kuwait (US \$25,000). The preparatory activity in Cote d'Ivoire and Senegal will be shared with UNEP which has requested similar levels of funding for each country at this meeting, for a total of US \$30,000 per country. No other agency is involved in preparation of the Kuwait TPMP.

Fund Secretariat's comments and recommendations

4. The three requests are consistent with decision 45/54, and within the funding limits specified therein. The Secretariat recommends blanket approval of all the proposals at the levels of funding indicated in Table 1, with the proviso that in developing and subsequently implementing the TPMPs, UNIDO be requested to take into account decision 47/10(e) regarding the inclusion in licensing systems of import controls for methyl bromide, CTC and/or TCA, as well as CFCs.

Islamic Republic of Iran: Preparation of a phase-out plan in the solvent sector; US \$15,000

Project description

5. UNIDO has requested US \$15,000 to prepare a phase-out plan for the solvent sector in the Islamic Republic of Iran.

Fund Secretariat's comments

6. UNIDO has received a total of US \$45,000 for project preparation in the solvent sector in Iran (33rd Meeting US \$20,000; 39th Meeting US \$10,000; 42nd Meeting US \$15,000). In response to the Secretariat's request for clarification of the need for additional funding, UNIDO indicated that the first two approvals had been used to produce a sector plan. However the sector plan could not go forward at that time (in 2004) because of unresolved issues regarding Iran's data. The final approval at the 42nd meeting was used to undertake verification of the baseline and consumption data in Iran in relation to Iran's submissions to the Implementation Committee. UNIDO added that this funding has now been fully used and a small additional amount is needed to update and finalise the solvent sector phase-out plan.

7. The Secretariat notes that at its 35th Meeting the Implementation Committee agreed *inter alia* to conclude its consideration of Iran's request for a change of baseline for CTC and TCA at its next meeting on the basis of all information available at that time.

Fund Secretariat's recommendation

8. The Secretariat recommends blanket approval of the proposal at the level of funding indicated in Table 1 with the proviso that the consumption addressed in the resulting project should be consistent with all relevant decisions of the Parties concerning Iran's consumption data for CTC and TCA and within the rules of the Fund.

Democratic People's Republic of Korea: Preparation of a process agent terminal umbrella project; US \$30,000

Project description

9. UNIDO has requested funding of US \$30,000 to prepare a terminal umbrella project in the process agent sector in the Democratic People's Republic of Korea (D.P.R. Korea).

Fund Secretariat's comments

10. A terminal phase-out plan for CTC in D.P.R. Korea was approved at the 41st Meeting of the Executive Committee. Since a number of the process agent applications identified during project preparation had not at that time been approved by the Parties as process agent uses, Executive Committee decision 41/74 approving the sector plan made provision for future funding of currently ineligible process agent applications if the uses were subsequently approved by the Parties. Under the decision the CTC eligible for funding is not to exceed 146 ODP tonnes and the funding level would not exceed US \$6.07 per kg. All the relevant process agent applications identified in the sector plan were approved by the Parties at their 17th Meeting. The project is required as a matter of urgency to assist D.P.R. Korea to remain in compliance.

Fund Secretariat's recommendation

11. The Secretariat recommends blanket approval of the proposal at the level of funding indicated in Table 1 with the proviso that the resulting project should conform to the requirements of decision 41/74.

Mexico: Preparation of a process agent project; US \$30,000

Project description

12. UNIDO has requested funding of US \$30,000 to prepare a project in the process agent sector in Mexico.

Fund Secretariat's comments

13. The Secretariat sought clarification as to whether a total CTC phase-out plan was to be prepared, the nature of the process agent use and the issue of consumption, noting that Mexico has not so far reported consumption of CTC for process agent use. UNIDO indicated that at its 36th Meeting, the Implementation Committee was to consider additional information from Mexico to support a change of baseline for CTC consumption, following discovery of additional consumption by a single enterprise. The process agent use was the recovery of chlorine in tail gas from the production of chlorine, which was a use approved by the Parties. UNIDO indicated

that it was seeking confirmation that no further project funds will be requested by Mexico for CTC phase-out.

Fund Secretariat's recommendation

14. The Secretariat recommends blanket approval of the proposal at the level of funding indicated in Table 1 with the proviso that the project to be prepared should cover the total phase-out of CTC for controlled uses in Mexico.

Romania: Preparation of a project in the halon sector; US \$15,000

Project description

15. UNIDO has requested funding of US \$15,000 to prepare a project in the halon sector in Romania.

Fund Secretariat's comments and recommendation

16. Romania reported consumption under Article 7 of 1.76 ODP tonnes of halon in 2004. It's baseline for halon is 3.49 ODP tonnes. Romania has not received any assistance from the Fund for this sector. Blanket approval of the proposal is recommended at the level of funding indicated in Table 1.

A2: Renewal of institutional strengthening project

The Former Yugoslav Republic of Macedonia (phase IV)	US \$132,347
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Project description

17. The description of the renewal of the institutional strengthening project is presented in Annex I to this document.

Fund Secretariat's comments

18. The level of funding for the renewal of the institutional strengthening project has been agreed between the Fund Secretariat and UNIDO.

Fund Secretariat's recommendations

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

20. The Executive Committee may wish to express to the Government of the Former Yugoslav Republic of Macedonia the comments which appear below following approval of the renewal of the institutional strengthening project:

“The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for The Former Yugoslav Republic of Macedonia and notes with appreciation that The Former Yugoslav Republic of Macedonia reported

data to the Ozone Secretariat, which as at end of 2004 was less than two per cent of its CFC compliance baseline. The data also showed that the country has phased out consumption of other ODS. The Former Yugoslav Republic of Macedonia therefore is well on its way to a complete phase-out of consumption of ODS. The Executive Committee also notes the significant steps taken within the framework of the institutional strengthening project which has enabled The Former Yugoslav Republic of Macedonia to achieve such progress in phasing out its ODS consumption. Specifically, implementation of legislation through which a number of legal provisions referred to the import/export of ODS were introduced, the organization of training workshops and awareness activities to reinforce the commitment of stakeholders to ODS phase out, including brochures, books and articles, the implementation of a RMP and TPMP and a system for monitoring of ODS consumption. The Former Yugoslav Republic of Macedonia is an active member of the Regional Ozone Network for Europe and Central Asia and, within this framework, provides guidance to neighbouring countries in Montreal Protocol matters. The Executive Committee greatly supports the efforts of Macedonia to totally eliminate the consumption of CFCs. The Executive Committee is therefore hopeful that, in the next two years, The Former Yugoslav Republic of Macedonia will continue with the implementation of its country programme and the NPP activities with outstanding success and achieve its goal of complete phase-out of CFCs.”

SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION

B1: Project preparation

Islamic Republic of Iran: Preparation of Padena compressor project; US \$20,000

Project description

21. UNIDO has requested funding of US \$20,000 to prepare a project for conversion of compressor manufacturing at Padena a major producer of compressors in Iran, to produce compressors designed for use with non-CFC refrigerants.

Fund Secretariat's comments

22. A national phase-out plan (NPP) was approved-in-principle for Iran at the 41st Meeting at a cost of US \$11,250,000. During the review of the NPP the Secretariat sought clarification as to the intentions of Iran regarding conversion of the Padena compressor plant, because a project proposal from a bilateral donor had been foreshadowed. The Secretariat informed Iran through the bilateral agency submitting the NPP (the Government of Germany) that there would be no possibility of a compressor project being eligible for funding outside of the NPP or after the NPP was approved. Subsequently the proposal for a compressor project was dropped, the incremental costs of the NPP were agreed between the bilateral agency and the Secretariat and the NPP was approved-in-principle covering all remaining CFC applications. The Secretariat advised UNIDO of this background and requested that the proposal be withdrawn since, with approval of the NPP, CFCs had been fully addressed in Iran and the proposal was ineligible for funding.

23. Iran has received funding for conversion of compressor manufacturing amounting to a production capacity of over 1.8 million compressors annually, through the two modalities

available under the rules of the Fund, namely, direct funding for conversions of compressor manufacturing enterprises and payment of incremental operating costs for compressors in domestic refrigeration manufacturing conversion projects. Decision 26/36 provides guidelines for calculation of incremental costs in compressor projects, in circumstances where the sector has already been partially funded, so that the maximum manufacturing capacity converted through Fund resources corresponds to the national capacity for manufacturing refrigerators.

24. In this regard the Secretariat also advised UNIDO that because of the significant level of funding already approved for compressors, application of the methodology in decision 26/36 to the sub-sector in Iran results in a discount factor of 89 per cent which must be applied to any future compressor conversion project. To provide some perspective, the Secretariat considers that under the rule of the Fund the Padena project is not eligible because all CFC applications have been fully funded. However, even if the Padena project was otherwise eligible, if the final incremental costs of the project as reviewed by the Secretariat were, for example, US \$1.5 million, the net compensation after application of decision 26/36 would be US \$165,000, that is, eleven per cent of the agreed incremental cost. The remainder of the incremental cost would have to be borne by the enterprise.

25. UNIDO indicated that, as requested by the Secretariat, it had immediately informed the Government of Iran on the eligibility issue of the proposal. However it had been informed by the Ozone Officer of Iran that he does not agree to withdrawal of the proposal and that this issue should be brought to the attention of the Executive Committee. Subsequent to the additional advice provided by the Secretariat described in the preceding paragraph, UNIDO indicated that it had again drawn the issue to the attention of the Government of Iran, but since no reply had been received, UNIDO wished to keep the matter pending.

Fund Secretariat's recommendation

26. The Fund Secretariat recommends that the proposal not be approved.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSAL

Former Yugoslav Republic of Macedonia: Renewal of institutional strengthening

Summary of the Project and Country Profile	
Implementing Agency:	UNIDO
Amount originally approved:	
Phase I: October 1996	US \$152,708
Phase II: March 2000	US \$101,950
Phase III: December 2001	US \$101,950
Phase IV: April 2004	US \$132,347
Total	US \$488,955
Amount requested for renewal (Phase V) (US \$):	132,347
Amount recommended for approval (Phase V) (US \$)	132,347
Agency support costs (US \$)	9,926
Total cost of institutional strengthening Phase V to the Multilateral Fund (US \$)	142,273
Equivalent amount of CFC phase-out due to institutional strengthening Phase V at US \$12.1/kg (ODP tonnes)	n/a
Date of approval of country programme	October 1996
Date of approval of country programme update (if applicable)	--
Total ODS consumption reported in country programme (1995), (ODP tonnes)	572.0
Latest reported total ODS consumption (2004) (ODP tonnes)	13.53
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	519.7
(b) Annex A Group II (Halons) (Average 1995-1997)	22.1
(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)	12.2
Latest consumption of controlled substances (2003) (ODP tonnes):	
(a) Annex A Group I (CFCs)	8.77
(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 C Group I (HCFCs)	4.76
(f) Annex E (Methyl bromide)	0
Amount approved for projects (as at December 2004) (US \$)	4,809,800
Amount disbursed (as at December 2004) (US \$):	4,461,076
ODS to be phased out (ODP tonnes)	517.3
ODS phased out (as at December 2004) (ODP tonnes)	484.5

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

		<u>US \$</u>
(a)	Country programme preparation	81,480
(b)	Project preparation	115,504
(c)	Training	106,121
(d)	Technical assistance (including institutional strengthening)	772,430
(e)	Demonstration	292,253
(f)	Investment projects	3,442,012
	Total	4,809,800

Progress Report

2. The programme of activities related to the Montreal Protocol forms part of Macedonia's commitment to phasing out the consumption of ODS in a controlled and cost effective manner. The National Ozone Unit (NOU) is part of the Ministry of Environment and Physical Planning, and it is the focal point for Montreal Protocol activities. The NOU coordinates, with the co-operation of the concerned Ministry officials, the implementation of the project objectives. The strategy is based on containment, recovery and recycling of CFCs as well as monitoring of ODS import and export in the framework of the established quotas for potential users. Implementation of legal control measures, public awareness campaigns and training activities through the TPMP and the demonstration project on the replacement of CFC Centrifugal Chillers are the main components of the action plan. The implementation of the Montreal Protocol activities in The Former Yugoslav Republic of Macedonia is going on successfully. In fact, the country is well ahead of the Montreal Protocol requirements, phasing-out more than 95% of the total consumption of ODS. Particular focus has been put on legislative measures in general and legal services by the Ozone Unit to industry.

3. During the reporting period the NOU of Macedonia has implemented the required activities under the institutional strengthening project, the TPMP and the chiller demonstration project. The TPMP envisages the total phase-out of CFCs through improvement of existing regulations, training of service technicians, introducing a sustainable system of education in vocational secondary schools, training of Customs officers and efficient recovery and recycling scheme. The chiller demonstration project will cover the technical selection of the most suitable replacement options and development of appropriate monitoring and evaluation protocols, the reduction of the consumption of ODS and improving the energy efficiency. In the methyl bromide sector zero consumption was achieved. Through the RMP project the CFC recovery/recycling amounted in 2004 to 7,101 kg. Public awareness activities were carried out via television, radio and newspapers as well as printed and other media. Macedonia was in compliance with Montreal Protocol data reporting requirements. It has also ratified all the amendments to the Montreal Protocol.

Plan of Action

4. The National Ozone Unit (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. Regular access of the NOU to senior decision-makers is assured through a number of activities, such as collaboration with the Legal Service Department and Inspectorate concerning permits for ODS, submission of legislative proposals through the Minister of Environment to the Government and Parliament, and annual activity reports of the NOU which are incorporated into the Ministry's yearly reports prepared for the Government. The NOU is responsible for monitoring the ODS consumption data, including import and export by individual enterprises. While import permits for ODS and equipment using ODS are a major measure to control ODS consumption at present, a ban on import of ODS and equipment that contain CFCs is envisaged as a next step. The TPMP aims at improved maintenance and servicing practice and, subsequently, a reduction of CFC releases into the atmosphere. Furthermore, the NOU plans to improve the education of the people in the country on the subject through a number of public awareness activities.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

48th Executive Committee of the
Multilateral Fund for the Implementation
of the Montreal Protocol

UNIDO 2006 Work Programme
(1 March 2006)

UNIDO

2006 WORK PROGRAMME (1 March 2006)

Introduction

This Work Programme for the year 2006 has been prepared based on ongoing and foreseen activities and following government requests. The Work Programme will support the implementation of UNIDO's three-year Rolling Business Plan 2005-2007.

Priority was given to Article 5 countries needing immediate assistance to achieve their consumption and production reduction obligations. Inter alia, UNIDO has included project preparation activities for Iraq, whereby it should be noted that this is subject to ratification, whereas 2007 and 2008 figures are indicative since baseline and actual consumption are unknown. As per Decision 46/20 preparation activities for a TPMP have been included in the 2006 Business Plan.

Regarding Zimbabwe, the funds of US\$ 16,125 (including 7.5 % Agency Support Costs) for project preparation in the methyl bromide sector should originate in the context of projects with balances from PRP funds earlier approved for UNDP.

The Business Plan is meant to provide an indication on where the UNIDO programme is moving in 2006, and to establish a financial resource estimate for implementing such a programme.

The document comprises the following sections:

Section 1,

gives in a tabulated form by project types and country a consolidated list of activities foreseen in the sectors solvents (CTC and TCA), refrigeration/foam (CFC), halons, and institutional strengthening.

Requested funding for institutional strengthening activities amounts to US\$ 238,273, for technical assistance US\$ 265,742, whereas funding for project preparation amounts to US\$ 349,375, including agency support costs; Total funding required: US\$ 853,390 including A.S.C.

In accordance with Executive Committee decisions 46/35, a request for core unit funding of US\$ 1.751,000 for 2007 has been included, which will be requested at the 50th Executive Committee Meeting.

Section 2

provides the corresponding project concepts indicating details, such as project title, duration and summary of the concept.

All those activities are country-specific ones and the funds envisaged will be utilized to serve the distinct purpose they are to be approved for.

UNIDO

2006 Work Programme
(1 March 2006)

Section 1

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

Item	Country	Title of Project	Substance	Type	Project Value (w/o A.S.C.) in US\$	A.S.C in US\$	Requested Amount (incl. A.S.C.) in US\$	A.S.C %	Duration in months	Submission to ExCom meeting
Technical assistance and training projects										
1	Kuwait	Technical assistance in the Halon sector	HAL	TAS	64.900	5.841	70.741	9	36	50
1	Kyrgyzstan	Technical assistance in the Halon sector	HAL	TAS	50.000	4.500	54.500	9	36	48
1	Morocco	Technical assistance in the Halon sector	HAL	TAS	64.900	5.841	70.741	9	36	50
1	Romania	Technical assistance in the Halon sector	HAL	TAS	64.000	5.760	69.760	9	36	50
4		Subtotal			243.800	21.942	265.742			
Project Preparation										
1	Côte d'Ivoire	Preparation of a TPMP	CFC	PRP	15.000	1.125	16.125	7,50	12	48
1	Iran	Preparation of Padena compressor project	CFC	PRP	20.000	1.500	21.500	7,50	12	48
1	Iran	Preparation of a phase-out plan in the solvent sector	CTC/ TCA	PRP	15.000	1.125	16.125	7,50	12	48
1	Iraq	Preparation of ODS phase-out plan	SEV	PRP	100.000	7.500	107.500	7,50	12	49-50
1	Korea DPR	Preparation of a process agents terminal umbrella project	CTC	PRP	30.000	2.250	32.250	7,50	12	48
1	Kuwait	Preparation of a TPMP	CFC	PRP	25.000	1.875	26.875	7,50	12	48
1	Mexico	Preparation of a process agents project	CTC	PRP	30.000	2.250	32.250	7,50	12	48
1	Romania	Project preparation in the halon sector	HAL	PRP	15.000	1.125	16.125	7,50	12	48
1	Saudi Arabia	Preparation of a TPMP	CFC	PRP	60.000	4.500	64.500	7,50	12	49
1	Senegal	Preparation of a TPMP	CFC	PRP	15.000	1.125	16.125	7,50	12	48
10		Subtotal			325.000	24.375	349.375			
Institutional Strengthening										
1	TFYR of Macedonia	Renewal of institutional strengthening support, Phase V	SEV	INS	132.347	9.926	142.273	7,50	24	48
1	Qatar	Renewal of institutional strengthening support, Phase III	SEV	INS	88.073	6.606	96.000	7,50	24	49
2		Subtotal			220.420	16.532	238.273			
16		TOTAL			789.220	62.849	853.390			
1	Core Unit cost for 2007 (according Decision 46/35)						1.751.000			50
	GRAND TOTAL						2.604.390			