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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-second Meeting  
Montreal, 23-27 July 2007

**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS  
WITH SPECIFIC REPORTING REQUIREMENTS**

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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## Introduction

1. The Government of Spain, as well as UNDP, UNEP and UNIDO have submitted progress reports on the implementation of the following projects, where specific reporting requirements are contained in the agreements, for consideration by the Executive Committee at its 52nd Meeting:

- (a) Argentina: Methyl bromide (MB) phase-out in tobacco and non-protected vegetable seedbeds (UNDP);
- (b) Brunei Darussalam: Implementation of the RMP project (UNDP and UNEP);
- (c) China: Sector plan for CFC production phase-out: verification of CFC imports and exports for 2006 (World Bank);
- (d) Côte d'Ivoire: Phase-out of CFC-12 in the manufacture of cosmetics aerosols by conversion to hydrocarbon aerosol propellant at COPACI, Abidjan (UNIDO);
- (e) Egypt: National phase-out of MB in horticulture and commodities fumigation (UNIDO);
- (f) Egypt: Technology provider for the project to phase out CFC consumption in the manufacture of metered dose inhalers (MDIs) (UNIDO);
- (g) Guatemala: Phase-out of MB in the cultivation of melons, tomatoes, flowers and ornamentals, and strawberries (UNIDO);
- (h) Haiti: Implementation of the RMP project (UNDP and UNEP);
- (i) Lebanon: Progress report on the implementation of the projects for the phase-out of all remaining soil uses of MB used in the production of cut flowers and tobacco (UNDP), and the phase-out of MB for soil fumigation in strawberry production (UNIDO);
- (j) Libyan Arab Jamahiriya: Plan for the phase-out of import and net consumption of halons in the fire fighting sector (UNIDO)
- (k) Myanmar: Implementation of the RMP project (UNEP and UNIDO);
- (l) Region: LAC: Policy assistance to support the MB phase-out with special focus in Guatemala and Honduras (Government of Spain).

2. The Secretariat reviewed the progress reports in light of the original project proposals, ODS data reported by the Governments concerned under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the Meeting of the Parties.

### Structure of the document

3. The Secretariat has grouped the progress reports by sector and, within each sector, according to the main issues presented in the reports. Accordingly, the document is divided into the following sections:

- Section I: Progress reports on the implementation of the RMPs in Brunei Darussalam, Haiti and Myanmar (follow-up to decisions adopted at the 52nd Meeting of the Executive Committee);
- Section II: Specific requests to the Executive Committee on the implementation of MB phase-out projects in Argentina, Egypt, Guatemala, Lebanon, and a policy assistance programme in the Central America;
- Section III: Verification of CFC imports and exports for 2006 in China production sector; redeployment of the aerosol equipment purchased for a cancelled project in the former Yugoslav Republic of Macedonia (FYR Macedonia) to be utilized in the COPACI aerosol project in Côte d'Ivoire; report on the technology provider for the phase-out of CFC consumption in the manufacture of MDIs in Egypt; and the revised plan for the sustainability of a halon banking project in Libyan Arab Jamahiriya.

## **I. REPORTS ON IMPLEMENTATION OF RMPs**

### **Brunei Darussalam: Implementation of the RMP**

4. UNEP submitted a progress report on the implementation of the RMP project in Brunei Darussalam for consideration by the Executive Committee at its 51st Meeting. At that Meeting, the Committee noted that Brunei Darussalam had not yet ratified any of the amendments to the Montreal Protocol and the slow rate of implementation of the activities contained in the RMP approved at the 44th Meeting (UNEP/OzL.Pro/ExCom/44/30). The Committee decided, *inter alia*, to request UNDP and UNEP to review the phase-out strategy and plan of action proposed in the original RMP project, and UNEP to continue its efforts to communicate with the Government of Brunei Darussalam and to report back on progress achieved to the 52nd Meeting (decision 51/16 (d)). On 23 April 2007, the Secretariat sent an official communication to the Head of the Environment Unit under the Department of Environment, Parks and Recreation of Brunei Darussalam informing about the requirements of this decision.

#### *Report submitted by UNDP and UNEP*

5. The draft memorandum of understanding (MOU) for UNEP's components of the RMP was sent to the Ozone Officer for review and comments in February 2005. Since then only a MOU for the implementation of the customs training programme was signed in April 2007. MOUs for the other RMP components are in the process of being signed by the Government. The project document between the Government of Brunei Darussalam and UNDP has not yet been signed. Without this signature UNDP cannot implement the recovery and recycling project.

Secretariat's comments

6. As of 3 March 2007, the Government of Brunei Darussalam had not ratified any of the amendments to the Montreal Protocol. UNEP reported that the Ozone Unit is requesting the Prime Minister's Office to ratify the Amendments to the Montreal Protocol by September 2007.

7. According to the data reported by the Government of Brunei Darussalam under Article 7 of the Montreal Protocol, 2005 CFC consumption was only 0.1 ODP tonne below the maximum level of consumption for that year (i.e., 39.1 ODP tonnes). Based on the 2005 level of CFC consumption and taking into consideration the lack of implementation of the RMP, Brunei Darussalam might be at a risk of not meeting the 2007 and 2010 phase-out targets. Also as of December 2006, of the US \$496,000 approved by the Executive Committee for the implementation of the RMP, only US \$27,100 has been disbursed by UNEP.

8. Taking into account that relevant project documentation between the Government and the agencies has not been signed, that the activities proposed in the RMP have not commenced, and that UNEP and UNDP have not been able to modify the activities in the approved RMP to address the current situation in the refrigeration servicing sector in the country, it might be advisable to consider preparing a TPMP project to address all the remaining CFC consumption in the country, rather than implementing the RMP project as approved. The TPMP could be developed and submitted for consideration by the Executive Committee at its 53rd Meeting. UNEP reported that the Ozone Unit prefers to implement the RMP project prior to the TPMP. The Ozone Unit also reported that it is following-up the signature of outstanding MOUs with the Prime Minister's Office.

Secretariat's recommendation

9. The Executive Committee might wish to request UNEP to submit a progress report on the status of implementation of the RMP project in Brunei Darussalam to the 53rd Meeting of the Executive Committee.

**Haiti: Implementation of the RMP**

10. UNDP and UNEP submitted a progress report on the implementation of the RMP project in Haiti for consideration by the Executive Committee at its 51st Meeting. At that Meeting, the Committee noted that since the approval of the RMP in 2003 (UNEP/OzL.Pro/ExCom/39/32), major changes have occurred in the use of CFCs in the refrigeration servicing sector in Haiti. The Committee therefore decided to request UNDP and UNEP to review the phase-out strategy and plan of action proposed in the original RMP project, and to request UNEP to report back on progress achieved in revising the plan of action to the 52nd Meeting (decision 51/16 (e)).

11. On 23 April 2007, the Secretariat sent an official communication to the Director of the National Ozone Unit located in the Ministry of Environment of Haiti informing about the requirements of this decision.

*Report submitted by UNDP and UNEP*

12. The RMP for Haiti was approved at the 39th Meeting of the Executive Committee. The implementation delays of this project have been due to difficulty managing planned activities as

a result of a series of political unrest, UN military control and changes in government. From mid 2006, Haiti has demonstrated stability in government.

13. In 2003, UNEP signed a memorandum of understanding with the Government of Haiti for the implementation of the training programmes for refrigeration technicians and customs officers. UNEP also purchased equipment for the training programmes, which was delivered to the country in 2005. A first train-the-trainers workshop was conducted in April 2007 with 48 participants, and it was considered of the utmost importance to implement at least one train-the-trainer workshop in each of the main cities of Haiti. The recovery and recycling component of the RMP has not yet commenced.

14. Based on the results of a mission to Haiti, UNDP and UNEP assisted the Government of Haiti to revise the plan of action of the RMP considering the current situation of the refrigeration servicing sector. A number of activities are being proposed for immediate implementation including:

- (a) Three train-the-trainers workshops for refrigeration technicians and the training of at least 300 technicians in good refrigeration servicing practices, use of alternative refrigerants and retrofitting of refrigeration systems;
- (b) Two training programmes for customs officers and other key officials in the detection, monitoring and reporting of the trade of ODS and CFC-based equipment; and
- (c) Distribution of basic service tools to the refrigeration service technicians, the establishment of one pilot recycling center for refrigeration systems, and two recycling centers for MAC units.

15. The support for retrofitting CFC-based refrigeration systems will be evaluated as a possible project to be developed under the formulation of the TPMP for Haiti.

#### Secretariat's comments

16. According to the report jointly submitted by UNDP and UNEP, CFC consumption in Haiti has been reduced from 181.2 ODP tonnes in 2002 to 50.5 ODP tonnes in 2006. This level of consumption has been estimated on the basis of the information that was provided by CFC importers, since there is no updated harmonized coding system in the country. UNEP also reported that the revised plan of action has included activities to assist customs officers and other key stakeholders in improving the reporting and monitoring of ODS imports and exports.

17. Noting that the process of CFC phase-out in Haiti was to be regulated through a governmental decree to be enacted in May of 2007, the Secretariat sought a further explanation on the status and was informed that the draft decree had been submitted to the Minister of the Environment at the end of April 2007. The Secretariat noted that the revised plan of action of the RMP puts more emphasis on training technicians and providing service tools than on recovery and recycling operations. However, several recovery/recycling machines, ancillary equipment and spare parts are being proposed in the revised RMP. In view of the negligible effect recovery and recycling would have on reducing CFC consumption, the short remaining lifetime of MAC systems, the current price of CFC-12 being US \$10 more than HFC-134a, the Secretariat

suggested that UNDP and UNEP consider a different approach to enable tools to be provided to a larger number of refrigeration technicians. A technical assistance programme aiming at the conversion/retrofit of CFC-based systems and the introduction of cheaper alternative refrigerants could also be developed. UNEP and UNDP agreed to follow this approach. Specifically, the training of refrigeration technicians in good service practices, use of new alternative refrigerants and retrofit of refrigeration systems will be the cornerstone of the revised RMP project, and basic tools will be provided to a larger number of technicians participating in training workshops.

#### Secretariat's recommendation

18. The Executive Committee might wish to:
  - (a) Note the revised plan of action of the RMP for Haiti submitted by UNDP and UNEP on behalf of the Government of Haiti; and
  - (b) Request UNDP and UNEP to accelerate the implementation of the RMP for Haiti and report back on progress achieved in the actual implementation of activities to the 54th Meeting of the Executive Committee.

#### **Myanmar: Implementation of the RMP**

19. UNEP submitted a progress report on the implementation of the RMP project in Myanmar for consideration by the Executive Committee at its 51st Meeting. At that Meeting, the Committee noted that the implementation of the RMP approved at the 45th Meeting (UNEP/OzL.Pro/ExCom/45/39) had not yet commenced. The Committee decided, *inter alia*, to request UNEP and UNIDO to review the phase-out strategy and plan of action proposed in the original RMP project, and UNEP to report back on progress achieved in revising the plan of action and on the actual implementation of activities to the 52nd Meeting (decision 51/16 (f)). On 23 April 2007, the Secretariat sent an official communication to the Director of the National Commission for Environmental Affairs of Myanmar informing him about the requirements of this decision.

#### *Report submitted by UNEP and UNIDO*

20. As of late June 2007, the MOU between the Government of Myanmar and UNEP had not yet been signed. UNIDO has reported that the recovery and recycling equipment was procured and delivered in 2006, and training in the use of the equipment was conducted in the beginning of 2007. Since no other activities are planned, and it is expected that this project component will be completed by July 2007.

#### Secretariat's comments

21. According to the data reported by the Government of Myanmar under Article 7 of the Montreal Protocol, CFC consumption decreased from 51.60 ODP tonnes in 2003 to 14.80 ODP tonnes in 2005. The 2005 consumption is 12.35 ODP tonnes below the maximum level allowed for that year (i.e., 27.15 ODP tonnes). Based on the 2005 data and taking into consideration that implementation of the RMP has not commenced, Myanmar might be at a risk of not meeting the 2007 and 2010 phase-out targets.

22. The Secretariat noted that the progress report submitted by UNIDO to the 52nd Meeting stated that the “recovery and recycling equipment was procured by UNIDO. Financing of the next components will be requested after UNEP has completed the training in the use of the equipment”. The progress report also indicated that, as of December 2006, of the US \$80,000 approved for the recovery and recycling component only US \$4,900 has been disbursed.

23. The RMP, as approved, does not include training components for refrigeration technicians and customs officers. Implementation of the RMP components under UNEP have not yet commenced and, therefore, the recovery/recycling project cannot be implemented. UNEP and UNIDO were furthermore unable to modify the activities in the approved RMP to address the current situation of the refrigeration servicing sector in the country. Taking all of those elements into account, it might be advisable to consider preparing a TPMP project addressing all remaining CFC consumption in the country, which could be developed and submitted for consideration by the Executive Committee at its 53rd Meeting. UNEP reported that the Ozone Unit prefers to implement the RMP project prior to the TPMP.

#### Secretariat’s recommendation

24. The Executive Committee might wish to request UNEP to submit a progress report on the status of implementation of the RMP project in Myanmar to the 53rd Meeting of the Executive Committee.

## **II. METHYL BROMIDE PROJECTS**

### **Argentina: MB phase-out in tobacco and non-protected vegetable seedbeds**

25. On behalf of the Government of Argentina, UNDP has submitted the 2006 progress report on implementation of the MB phase-out project in tobacco and non-protected vegetable seedbeds for consideration by the Executive Committee at its 52nd Meeting. The submission also includes the 2007 annual implementation plan. The last funding tranche of the project amounting to US \$467,000 was approved by the Executive Committee at its 48th Meeting.

26. UNIDO is also implementing a project for the phase-out of 331 ODP tonnes of MB used in strawberries, flowers and protected vegetables. This project was approved by the Executive Committee at its 30th Meeting, and will be fully implemented by 2015.

#### *Progress report*

27. In 2006, the project team implemented the sixth tranche of the project aiming to phase out 56.5 ODP tonnes of MB in tobacco and field vegetable seedbeds. Several activities took place in 2006, including stakeholder meetings, farmer and technician training in the use of MB alternatives (1,025 farmers and 163 technicians), technical assistance to 12,000 growers, and MB alternative promotion and awareness-raising.

28. The project team made continued efforts to ensure the sustainability of the MB reductions so far achieved. From 2007 onwards, MB use will be prohibited for all crops in two major producing provinces and for tobacco crop in another two. The trend of increasing MB imports

was controlled as a result of the rigorous implementation of the import licensing system, bringing consumption back in line with former use patterns.

29. In spite of all the activities implemented, the project succeeded in eliminating only 6.42 ODP tonnes of MB, significantly less than the 56.5 ODP tonnes stipulated in the agreed conditions. However, overall sectoral consumption dropped for the fifth consecutive year, and the project expects that, due to the adoption of new regulations, a significant reduction in remaining MB use in the sector will occur during 2007.

30. As of the end of 2006, all US \$580,195 in available funding has been obligated to implement phase-out activities up to the end of the project.

#### *Plan of action*

31. The following activities will be implemented from 2007: training programmes for an additional 200 growers; the phase-out of an additional 50.0 ODP tonnes of MB; continued coordination with the Secretariats of Environment and Agriculture to design regulations for controlling imports of MB; continued actions to reduce the cost of inputs for the floating-tray system technology and recycle the residual plastic to reduce the environmental impact; continued awareness-raising activities; and development of additional training materials and publications.

#### Secretariat's comments

32. The Secretariat noted the comprehensive nature of the report submitted by UNDP on behalf of the Government of Argentina. The reported MB consumption of 270.9 ODP tonnes in 2006 was about 6.1 ODP tonnes above the maximum level of MB consumption of 264.8 ODP tonnes specified in the revised agreement between the Government and the Executive Committee. Since 2004, the amounts of MB that have been phased out are lower than those stipulated in the agreement, resulting in a total phase-out of 128.8 ODP tonnes instead of 156.0 ODP tonnes between 2002 and 2006. There are still growers that have not adopted alternatives for different reasons. Argentina therefore faces the situation where regulation is required to promote conversion to alternatives. UNDP also reported that many tobacco growers are also producers of protected vegetables, resulting in difficulties to cease the use of MB from 2007 onwards for tobacco, while the use for other crops continues until 2015. Also, the issue of critical use exemptions being allocated in non-A5 countries has impacted the phase-out of MB particularly in the tobacco sector, even if these exemptions were for use in other sectors.

33. The project team expects that the effects of the ban on MB use in four provinces (in place since 1 January 2007) together with the introduction of a regulation prohibiting the use of mixtures with more than 70 per cent of MB for soil fumigation to be enforced in the second semester of 2007, will result in reducing the MB consumption to the level allowed under the agreement with the Executive Committee.

34. The two alternative technologies implemented for the phase-out of MB in tobacco seedbeds are the floating tray system and metam sodium. Taking into account the lower price of metam sodium, the good results so far achieved in controlling pests, and the fact that it is currently the more popular alternative, the Secretariat questioned the long-term sustainability of the floating tray system. UNDP advised that the majority of the tobacco growers already using alternatives have adopted the floating tray system. Metam sodium is preferred by larger-scale

growers in some production areas resulting in the level of use appearing high. However, the number of farms adopting metam sodium is relatively small.

Secretariat's recommendation

35. The Executive Committee might wish to:
- (a) Take note of the progress report on the implementation of the MB phase-out project in tobacco and non-protected vegetable seedbeds;
  - (b) To note with concern that the MB consumption levels reported by the Government of Argentina for 2006 were almost 6.0 ODP tonnes above the maximum level of MB consumption specified in its agreement with the Executive Committee; and
  - (c) To request the Government of Argentina and UNDP to continue with the implementation of the MB phase-out activities proposed in the project and report back on progress achieved in the implementation of phase-out activities to the 54th Meeting of the Executive Committee.

**Egypt: National phase-out of MB in horticulture and commodities fumigation (UNIDO)**

36. Pursuant to decision 48/16(c)(v), UNIDO submitted a progress report on the implementation of the national phase-out of MB in horticulture and commodities fumigation project in Egypt to the 52nd Meeting.

*Background*

37. The Executive Committee approved the national MB phase-out project for Egypt (377.7 ODP tonnes) at US \$2,750,592, plus agency support costs of US \$312,565 for UNIDO at its 38th Meeting, on the understanding that Egypt would meet the MB freeze on consumption during 2003 and 2004 bringing the total consumption level to 190.4 ODP tonnes. Egypt also committed to achieve complete phase out by 2009, provided that a second portion of the project (agreed funding of US \$2,259,408) was approved (decision 38/41).

*Progress report*

38. Since October 2005 activities have been concentrated mainly on the phase-out of MB used as a soil fumigant, giving priority to strawberry crops and nurseries, which represent the highest consumption of MB. By the end of 2006, US \$830,383 has been disbursed (equivalent to 30 per cent of the total funding approved), and an additional US \$302,900 has been committed for 2007.

Request for changes to alternative technologies selected

39. From the time the project was approved:

- (a) Alternative chemicals (metam sodium and dicloropropene mixed with chloropicrin) that were proposed in the project proposal have not yet been registered in Egypt;
- (b) At the time of preparation of the project, steam was found to be a cost-effective technology to replace MB as a fumigant in the flower sector. However, current fuel costs had made this technology unsustainable in Egypt;
- (c) Other alternative technologies that were not included in the project have become reliable and cost-effective and can be adapted to the local conditions in Egypt.

40. Under those circumstances, major stakeholders have requested the following changes in the technologies selected in the original project as shown in the table below:

Sub-sector	Technology originally selected	Changes in technology
Medicinal	Soilless	Solarization
Lettuce	Soilless	Solarization
Cut flowers	Steam	Soilless + bio-antagonists
Strawberry	Solarization + bio-antagonists	Soilless + bio-antagonists
Strawberry nursery	Steaming + bio-antagonists	Alternative chemicals
Melon	Grafting	
Cucumber	Grafting	
Pepper	Soilless	Grafting
Tomato	Solarization + bio-antagonists	Grafting and solarization
Commodities fumigation	Phosphine	
Structural fumigation	Sulphuryl fluoride	

41. The soilless technology using rice straw is proposed to replace the steam technology in the cut flowers sector. Implementation of this technology requires the purchase of straw bale machines. Grafting is also proposed for horticultural crops (mainly peppers and tomatoes), which has been demonstrated to be cost-effective and sustainable in Morocco and Turkey. Implementation of this technology requires construction of five small grafting units for the production of grafted seedlings.

42. Through the proposed changes, the Government of Egypt has committed to achieving the phase-out of an additional 54.3 ODP tonnes of MB within the same level of approved funding. Therefore, the remaining MB consumption eligible for funding would be 131.4 ODP tonnes once the current project is fully implemented. The distribution of the amounts of MB to be phased out by crop/application is presented in the table below:

Sub-sector	Original project		Revised project	
	MB (ODP tonnes)	Surface area (ha)	MB (ODP tonnes)	Surface area (ha)
Medicinal	4.91	16.4	2.6	8.2
Lettuce	5.04	16.8	5.3	16.8
Cut flowers	28.04	95.8	21.4	65.3
Strawberry	89.08	296.9	100.5	308
Strawberry nursery	32.8	109.2	34.9	109.2
Melon	27.9	93.1	37.4	118.2
Cucumber	10.8	35.9	26.8	83.9
Pepper	16.1	53.6	26.2	82.1

Sub-sector	Original project		Revised project	
	MB (ODP tonnes)	Surface area (ha)	MB (ODP tonnes)	Surface area (ha)
Tomato	13.1	43.6	31.0	98.3
Commodities fumigation	114.0		114.0	
Structural fumigation	36.0		32.0	
<b>TOTAL</b>	<b>377.7</b>	<b>761.3</b>	<b>432.0</b>	<b>890.0</b>

*Further activities to be undertaken*

43. The following activities have been proposed to be undertaken in 2007:
- (a) Developing technical specifications of, and procure and distribute the remaining equipment and farm materials required for the phase-out of MB in soil and commodities fumigation;
  - (b) Implementing a few more national workshops to finalize the project's strategy and inform all MB users about the country's commitments on MB reduction; and
  - (c) Continuing implementation of farmer training programmes.

Secretariat's comments

44. Egypt's MB consumption for the 2003-2005 period was slightly below the maximum allowable levels in the Agreement and under the Montreal Protocol. The Secretariat noted, however, that the phase-out of MB has been achieved mainly through policy measures, awareness activities, and the application of reduced dosage of MB under virtually permeable films rather than through the introduction of MB alternative technologies.

45. UNIDO reported that the slow disbursement was due to the project starting two years after it was approved by the Executive Committee. The application of lower dosages of MB under virtually permeable films has been a transitional measure to reduce emissions rapidly; this approach, however, will end in 2007. With the exception of strawberry runners, the use of virtually permeable films in all other crops is being replaced by alternative technologies (solarization, bio-antagonists and soilless. The alternative technologies have only been tested in one crop season with differing results between the stakeholders. Over US \$1.7 million could be committed in 2007 for the procurement of five grafting units, other equipment and farm supplies such as chemicals, and awareness-raising and farmer training programmes, on condition that the technology changes requested by the Government of Egypt are approved.

Secretariat's recommendation

46. The Executive Committee may wish to:
- (a) Take note of the progress report on the implementation of the project for national phase-out of MB in horticulture and commodities fumigation;
  - (b) Note that the remaining MB consumption eligible for funding in Egypt would be 131.4 ODP tonnes once the current project is fully implemented and,

consequently, the level of funding for the second portion of the project, if submitted, could be up to a maximum of US \$1,752,735; and

- (c) Request the Government of Egypt and UNIDO to accelerate the implementation of the methyl bromide phase-out activities proposed in the project.

**Guatemala: Phase-out of MB in the cultivation of melons, tomato, flowers and ornamentals, and strawberries (UNIDO)**

47. Pursuant to decision 48/16(a)(i) of the Executive Committee, UNIDO submitted a progress report on the implementation of the project for the phase-out of MB in the cultivation of melons, tomato, flowers and ornamentals, and strawberries in Guatemala and a request for a further revision of the phase-out schedule in the project, to the 52nd Meeting of the Executive Committee.

*Background*

48. At its 48th Meeting, UNIDO submitted a progress report on the implementation of the MB phase-out project together with a request for a further revision of the phase-out schedule proposed in the proposal (paragraphs 6 to 15 of document UNEP/OzL.Pro/ExCom/48/18). The Executive Committee decided, *inter alia*, to request UNIDO to continue implementing the project and to submit a request for a further revision of the phase-out schedule following a decision by the Meeting of the Parties on the request by Guatemala for a revision of the time-specific benchmarks contained in decision XV/34 (decision 48/16(a)(i)).

49. At their 18th Meeting, the Parties to the Protocol:

- (a) Noted with concern that Guatemala had reported a MB consumption of 522.792 ODP tonnes for 2005, which was inconsistent with the Party's commitment contained in decision XV/34 (i.e., 360.0 ODP tonnes);
- (b) Noted the advice of Guatemala that all relevant stakeholders have committed to phase out MB in accordance with revised time-specific consumption reduction benchmarks which provided the Party with one additional year to overcome the technical, economic and political challenges that were the cause of its deviation from its commitments contained in decision XV/34; and
- (c) Noted without prejudice to the operation of the financial mechanism of the Protocol, that under the revised plan Guatemala specifically committed itself to reduce MB consumption from 709.4 ODP tonnes in 2002 to 400.70 ODP tonnes in 2006; to 361 ODP tonnes in 2007; to 320.56 ODP tonnes in 2008; and to phase out all controlled uses of MB by 1 January 2015 (decision XVIII/26).

*MB consumption*

50. The Ministry of Environment of Guatemala has issued the following import quotas for the period 2003 to 2006. About 95 per cent of the total MB consumption is used for the fumigation of melon crops.

Year	MB consumption (ODP tonnes)		
	Melon producers	MB dealer	Total
2003	514.80	13.20	528.00
2004	484.20	-	484.20
2005	487.80	34.80	522.60
2006	381.00	19.80	400.80

*Progress report*

51. In May 2006, a high level meeting was held in Guatemala with the participation of the ministries of the Environment and Agriculture, and other stakeholders. As a result of this meeting, UNIDO entered into an agreement with the melon growers for phasing out MB taking into consideration technical and logistic limitations that had been encountered in the application of MB alternatives in the country.

52. UNIDO, in cooperation with UNEP, and with the assistance of an international consultant, has established an action plan to assist Guatemala to return to compliance with the Montreal Protocol. The main elements of the action plan are:

- (a) Continuing to provide technical support to melon growers to better identify the problems caused by the “melon collapse” and adopt the most viable alternative technologies to solve this problem;
- (b) Continuing the adaptation of grafting technology through an enhanced management of grafted melon and seedling production and reduction in production costs;
- (c) Continuing to provide technical support and assistance to small producers of tomatoes, flowers and ornamentals, and strawberries to enable the complete phase-out of consumption of methyl bromide and to sustain the use of the alternative technologies selected;
- (d) Providing some technical assistance to the melon companies with foreign ownership (not eligible to receive financial assistance from the Multilateral Fund) in their efforts to reduce consumption of MB according to the Protocol’s phase-out schedule;
- (e) Providing assistance to the relevant authorities in Guatemala to review Decree No. 10/97 according to the MB phase-out schedule agreed by the Parties and to implement a licensing system to regulate the import and trading of MB;
- (f) Assisting the Government of Guatemala in the preparation and submission of a project to achieve the complete phase-out of MB in Guatemala once the current project is completed.

53. The UNEP CAP team in Panama City will continue assisting the Government of Guatemala in phasing out MB through the implementation of activities related to policy development, review of the legal framework, public awareness and training. The specific

modalities for UNEP's participation in this process will be discussed and agreed bilaterally by UNIDO and UNEP.

*Disbursement of funds*

54. As at 31 December 2006, US \$2,698,980 has been disbursed. UNIDO, in cooperation with the Government of Guatemala and in coordination with UNEP, will utilize the remaining funds available (i.e., US \$558,397) to achieve the 2005 allowable level of consumption in 2008. It is expected that in 2008, the Government of Guatemala will submit a request for the use of the second tranche of the project to achieve the complete phase-out of MB.

Secretariat's comments

55. The 2004 MB consumption reported by the Government of Guatemala under Article 7 of the Montreal Protocol was 484.2 ODP tonnes. This consumption was 7.8 ODP tonnes below the maximum allowable MB consumption to which the Government of Guatemala had committed for 2004 (i.e., 492 ODP tonnes). In 2005, the Government authorized the import of 588 ODP tonnes of MB, which is 260 ODP tonnes above the maximum allowable consumption for Guatemala in 2005 (i.e., 360.0 ODP tonnes). The 2006 MB consumption reported by the Government of Guatemala under Article 7 was 333.4 ODP tonnes, which is 67.3 ODP tonnes below the maximum allowable level of consumption for that year in the revised plan of action agreed by the Parties to the Montreal Protocol.

56. The Secretariat noted that the plan of action proposed by UNIDO on behalf of the Government of Guatemala took into account the discussions that the Secretariat had held with representatives from the Government of Guatemala, UNIDO and UNEP.

57. Noting that during the implementation of the project the foreign ownership of one melon grower increased from 77 per cent (at the time of the approval of the project) to 100 per cent, the Secretariat sought an explanation on the level of assistance provided to this grower. UNIDO indicated that because of the limited funding that could be provided to this grower, only technical assistance and training was given. The change of ownership of this grower will be taken into account during the preparation of the second phase of the project.

Secretariat's recommendation

58. In the light of agreed conditions for the implementation of the MB phase-out project, the revised schedule proposed by the Government of Guatemala in the plan of action submitted to the Meeting of the Parties, and the latest MB consumption data reported by Guatemala, the Executive Committee may consider whether it wishes to:

- (a) Adopt the following modification to the MB phase-out schedule for Guatemala as proposed in decision XVIII/26: from 709.4 ODP tonnes in 2002 to 400.70 ODP tonnes in 2006; to 361 ODP tonnes in 2007; to 320.56 ODP tonnes in 2008; and to phase out all controlled uses of MB by 1 January 2015;
- (b) Approve the activities proposed by the Government of Guatemala within the level of funding available under the project for the phase-out of MB in the cultivation

of melons, tomato, flowers and ornamentals, and strawberries in Guatemala under current implementation; and

- (c) Request UNIDO to submit a progress report on the implementation of the project for the phase-out of MB in the cultivation of melons, tomato, flowers and ornamentals, and strawberries in Guatemala to the 54th Meeting of the Executive Committee.

**Lebanon: Progress report on the implementation of the projects for the phase-out of all remaining soil uses of MB used in the production of cut flowers and tobacco, and the phase-out of MB for soil fumigation in strawberry production**

59. On behalf of the Government of Lebanon, UNDP and UNIDO submitted the 2006 progress report on the implementation of the projects for the phase-out of all remaining soil uses of MB used in the production of cut flowers and tobacco (UNDP), and the phase-out of MB for soil fumigation in strawberry production (UNIDO), for consideration by the Executive Committee at its 52nd Meeting.

*Background*

60. At its 34th Meeting, the Executive Committee approved in principle US \$4,421,945 (US \$2,600,000 and US \$1,821,945 for the projects to be implemented through UNDP and UNIDO respectively) as the total funds available to the Government of Lebanon to achieve the complete phase-out of MB used as a soil fumigant in the production of vegetables, cut flowers, tobacco and strawberries (236.5 ODP tonnes).

61. In accordance with the agreed conditions, the Executive Committee has so far allocated US \$2,510,000 plus agency support costs of US \$257,250 for UNDP to phase out 186.0 ODP tonnes used in the production of vegetables, cut flowers and tobacco, and US \$1,264,450 plus agency support costs of US \$137,291 for UNIDO to phase out 50.0 ODP tonnes in the production of strawberries.

62. At its 43rd Meeting, the Executive Committee approved a change of technology in the UNIDO project covering the phase-out of MB for soil fumigation in strawberry production and amended the agreement between the Government of Lebanon and the Executive Committee.

*2006 progress report*

63. During 2006, meetings and discussions took place with farmers and farmers' associations active in the tobacco and cut flowers sectors. International technical experts provided training on the application of the new alternative chemicals approved in the cut flowers sector (1,3-D in combination with chloropicrin) and the specifications for the injection system to be utilized; an evaluation of the production of tobacco seedlings using the floating tray system in the three major tobacco production regions in Lebanon; and a follow-up training session for the staff of the nematode analysis laboratory at the Lebanese Agricultural Research Institute. Also, the bidding process for the procurement of new alternative chemicals was initiated, and the terms of references for the procurement of the injector systems for the cut flowers sector were drafted. A decree on regulating MB imports in Lebanon was drafted and submitted to the Council of Ministers for its approval. Several key Ministries expressed a view of non-objection to the decree

being passed. To date, 162.7 ODP tonnes of MB have been phased out in the vegetable and tobacco sectors.

64. Due to the situation in Lebanon in July 2006, the phase-out of 23 ODP tonnes that was proposed for 2006 was not achieved as it was not possible to supply alternatives to farmers or to implement the training programmes. Also, the decree on regulating MB imports has not been signed. The financial loss incurred by the project in the tobacco sector resulting from these events has been estimated at US \$57,300.

65. Project phase-out activities were however re-initiated from the end August-early September 2006. Since that time, despite sporadic interruptions that have occurred due to the tense security situation in some areas of the country, the project has not ceased working.

*Request for a change in the agreed conditions*

66. Given the impact of recent events on the implementation of the MB phase-out projects in Lebanon, the Ministry of Environment has consulted with project management and major stakeholders and has agreed that, in order to ensure the complete phase out of MB in controlled uses in the country (i.e., 186.1 ODP tonnes), implementation of the project must be extended for an additional 24 months until the end of December 2008.

67. The following activities are proposed to be implemented until the project is completed:

- (a) In the cut flower sector: acquisition and distribution of the remaining quantities of alternative chemicals; completion of bidding processes for the procurement of injectors and their distribution to farmers; implementation of training programmes;
- (b) In the tobacco sector, continue the distribution of equipment and farm materials for the introduction of the floating tray system; implement related training programmes; and
- (c) Distribution of farm materials to interested farmers for application in the forthcoming seasons, to ensure the sustainability of this new method of tobacco seedling production without MB.

68. The Government of Lebanon has requested, on an exceptional basis, that the Executive Committee consider approving an additional US \$57,300 to cover the losses incurred by the project as a result of the critical situation in the country in July 2006.

Secretariat's comments

69. The Government of Lebanon submitted comprehensive reports on the implementation of phase V of the two MB phase-out projects under current implementation. The critical situation in mid 2006 in Lebanon paralyzed economic activities in the country, including those related to the agricultural sector, and caused a delay in the implementation of MB phase-out activities.

70. The Secretariat and UNDP discussed the request by the Government of Lebanon for the approval of US \$57,300 to cover the financial loss incurred in the tobacco sector due to the 2006

events. Noting that at this time it is not possible to assess the overall impact of the 2006 crisis on the MB phase-out projects, the Secretariat suggested that this request might be submitted to a future meeting of the Committee. UNDP reported that the Ministry of Environment can accept deferral and requested that reconsideration be given at the 54th Meeting of the Executive Committee, once preliminary consumption data for 2007 is available.

#### Secretariat's recommendation

71. The Executive Committee may wish to:

- (a) Take note of the 2006 progress report on the implementation of the projects for the phase-out of all remaining soil uses of methyl bromide used in the production of cut flowers and tobacco, implemented by UNDP, and the phase-out of MB for soil fumigation in strawberry production, implemented by UNIDO;
- (b) Approve the revisions to the agreement between the Government of Lebanon and the Executive Committee that was approved by the Committee at the 34th Meeting and subsequently modified at the 43rd Meeting, extending the phase-out schedule until 2008 as shown in the table below:

Year	Maximum level of methyl bromide consumption by crop (ODP tonnes)			Consumption level
	Vegetables/tobacco/ cut flowers	Strawberries	Total phased out	
2001				236.5
2002	25.8	6.0	31.8	204.7
2003	36.0	10.1	46.1	158.6
2004	54.0	14.2	68.2	90.4
2005	36.0	11.1	47.1	43.3
2006	0.0	0.0	0.0	43.3
2007	17.0	5.0	22.0	21.3
2008	17.3	4.0	21.3	0.0
2009	0	0	0	0.0

- (c) Request UNDP and UNIDO to continue assisting the Government of Lebanon in the implementation of the phase-out investment projects;
- (d) Request UNDP and UNIDO to submit a report on the implementation of the two projects with an assessment of the financial losses that might have occurred during the extraordinary events in Lebanon in 2006, for consideration by the Executive Committee at its 54th Meeting.

#### **Region: LAC: Policy assistance to support the MB phase-out with a special focus on Guatemala and Honduras**

72. Upon a request by the Secretariat, UNEP (on behalf of the Government of Spain) has submitted a progress report on the implementation of the project on policy assistance to support the MB phase-out with a special focus on Guatemala and Honduras for consideration by the Executive Committee at its 52nd Meeting.

### *Background*

73. At its 47th Meeting, the Executive Committee approved US \$80,000 plus agency support costs of US \$10,400 for the Government of Spain for the implementation of the policy assistance programme in Central American countries (paragraphs 48 to 55 of document UNEP/OzL.Pro/ExCom/47/13).

74. The proposal was aimed at providing support on policy measures; assisting Guatemala and Honduras in addressing the difficulties that some growers are facing in implementing the selected MB alternatives. It was also aimed at increasing cooperation between the institutions involved in issues related to the Protocol in each country, by assisting in the implementation of strategies that support investment projects covered by the Fund and in maintaining zero MB consumption in countries with no MB baseline.

### *Progress report*

75. The Government of Spain requested the UNEP CAP team in Latin America and the Caribbean to implement the policy assistance programme on its behalf. The following activities have been implemented:

- (a) A regional forum on the phase-out of MB in the melon sector in Central America was conducted in Guatemala (May 2006). The meeting was hosted by the ministries of Environment and Agriculture of Guatemala with the participation, *inter alia*, of representatives from the governments and melon producers of Costa Rica, Guatemala, Honduras and Mexico. Through this activity, cooperation among major stakeholders involved in the phase-out of MB was enhanced;
- (b) UNEP, in coordination with UNIDO, assisted the Government in arriving at a consensus among stakeholders to return to compliance by 2008 and in reviewing relevant legislation and drafting the action plan for phasing out MB as requested by the Parties. UNEP also initiated field trials to identify other feasible alternative technologies to MB used in melon crops, and
- (c) The Government of Honduras requested UNEP to participate in the preparation of the investment project (second phase) for the complete phase-out of MB in the country. This project was approved by the Executive Committee at its 50th Meeting and is currently under implementation by UNIDO;
- (d) UNEP provided technical assistance to other Central American countries with nil or low consumption of MB on issues regarding import controls for MB, tracking systems and data reporting.

### Secretariat's comments

76. According to the latest data reported by the Governments of the Central American region under Article 7 of the Montreal Protocol or through the progress report on the implementation of the country programme, except for Honduras, all countries appear to be in compliance with their obligations under the Protocol, as shown in the table below.

Country	Baseline	2001	2002	2003	2004	2005	2006
Costa Rica	342.5	390.0	280.0	337.3	288.2	258.0	251.3*
El Salvador	-	20.9	-	-	14.8	-	-
Guatemala	400.7	786.6	709.4	527.7	484.2	522.8	234.1
Honduras	259.4	510.9	412.5	366.5	340.8	315.6	291.0*
Nicaragua	0.4	-	8.2	-	-	-	-
Panama	-	-	-	-	-	-	**

\* Reported to the Fund Secretariat under the progress report on the implementation of the country programme

\*\* Not yet reported

77. In regard to Honduras, at its 50th Meeting the Executive Committee decided, *inter alia*, to approve in principle the national MB phase-out plan for Honduras together with the agreed conditions for achieving the phase-out of MB (decision 50/30). Through this project, the Government of Honduras agreed that its MB consumption in 2006 would not exceed 295.8 ODP tonnes (in 2006, the Government of Honduras reported under the progress report on the implementation of its country programme a MB consumption of 291.0 ODP tonnes).

#### Secretariat's recommendation

78. The Executive Committee may wish to take note of the progress report on the policy assistance programme to support the MB phase-out with a special focus on Guatemala and Honduras, submitted by UNEP on behalf of the Government of Spain.

### **III. OTHER SECTORS**

#### **China: Sector plan for CFC production phase-out: verification of CFC imports and exports for 2006**

##### *Background*

79. As part of the verification of the CFC production in 2006 submitted to the 51st Meeting, the World Bank included a report on the CFC exports in 2006 in China in compliance decision 50/38. However, the World Bank acknowledged this was not a complete import/export verification for 2006 because the import/export data should be checked with the official statistics data of the China General Administration of Custom (GAC), which would not be available until late April to May 2007. The World Bank has therefore submitted to this meeting a full-fledged verification of the import/export of CFC in 2006 in compliance with decision 51/17. The objective of the verification is to confirm that:

- (a) The national consumption of total CFCs in 2006 is below the target agreed in the "Agreement Between China and the Executive Committee of the Multilateral Fund for the CFCs/CTC/Halon Accelerated Phase-out Plan in China";
- (b) The national consumption of CFC-11 in PU Foam Sector 2006 is below the target agreed in the "Agreement Between China and the Executive Committee of the Multilateral Fund for the CFCs/CTC/Halon Accelerated Phase-out Plan in China"; and

- (c) The total net export of CFCs in 2006 is below the target agreed in the "Agreement between China and the Executive Committee of the Multilateral Fund for the CFCs/CTC/Halon Accelerated Phase-out Plan in China".

80. The verification was carried out by a local consultant as part of the CFC verification team. The auditor took the following steps in conducting the verification:

- (a) Collected and reviewed the records of export licenses issued for CFCs in 2006 generated from the database of ODS Import and Export Management Office (IMEO), an intergovernmental body with participation from SEPA, Ministry of Commerce and the General Administration of Customs;
- (b) Reviewed the export information collected from the CFC producers on the amount exported, the country of destination and the export date recorded in the custom declaration documents for each export transaction within the year 2006;
- (c) Summarized the levels of export for each CFC producer recorded in the corresponding custom declaration and check with the financial accounting record of the producer; and
- (d) The export information collected from all customs declaration documents was checked with the information from the network of the Ministry of Commerce as well as the General Administration of Customs.

81. The findings of the auditor are presented with data both from the IEMO and the Customs as follows:

**National CFC Import 2006 (ODP tonnes)**

Data source	CFC-11	CFC-12	CFC-113	CFC-114	CFC-115	CFC-13	National CFC import
IEMO	0	0	0	0	0	0	0
CAC	0	0	0	0	0	0	0

**National Consumption of All CFCs 2006 (ODP tonnes)**

Data source	All CFCs national production*	All CFCs national import	All CFCs national export	All CFCs national consumption
IEMO	13,079.567	0	710.874	12,368.693
Custom declaration	13,079.567	0	631.217	12,448.350

\* Cited from "China CFC Production Phase-out Programme 2006 Verification Report"

**National Consumption of CFC-11 2006 (ODP tonnes)**

Data source	CFC-11 national production*	CFC-11 national import	CFC-11 national export	CFC-11 national consumption
IEMO	6,959.421	0	74.030	6,885.391
Custom declaration	6,959.421	0	74.030	6,885.391

\* Cited from "China CFC Production Phase-out Programme 2006 Verification Report"

### National CFC Net Exports 2006 (ODP tonnes)

Data source	National CFC export	CFC export for MDI uses*	CFC export for feedstock uses**	National CFC import	National CFC net export
IEMO	710.874	400	74.03	0	256.844
Custom declaration	631.217	324	74.03	0	233.187

\* In accordance with the decision of Executive Committee, the exports to non-Article 5 countries for MDT uses are to be exempted from the national net CFC exports.

\*\* In accordance with the decision of Executive Committee, the exports to non-Article 5 countries are to be exempted from the national net CFC exports.

82. The auditor concludes that:

- (a) The national consumption of CFCs in China for 2006 was 12,448.35 ODP tonnes that is 1,051.65 ODP tonnes lower than the maximum allowable CFCs total consumption of 13,500 ODP tones as specified in "Agreement Between China and the Executive Committee of the Multilateral Fund for the CFCs/CTC/Halon Accelerated Phase-out Plan in China";
- (b) The CFC-11 consumption in China PU Foam Sector 2006 was 6,885.391 ODP tonnes that is 114.609 ODO tonnes lower than the maximum allowable CFC-11 consumption limit of 7,000 ODP tones in PU Foam Sector as specified in "Agreement Between China and the Executive Committee of the Multilateral Fund for the CFCs/CTC/Halon Accelerated Phase-out Plan in China"; and
- (c) The national CFC net exports in 2006 were 233.187 ODP tonnes that is 166.813 ODP tonnes lower than the maximum allowable net CFC exports of 400 ODP tones as specified in "Agreement between China and the Executive Committee of the Multilateral Fund for the CFCs/CTC/Halon Accelerated Phase-out Plan in China".

83. The auditor recommends that:

- (a) The filing of documents on CFC export operations needs to be improved. During the verification of 2006 CFC exports, IEMO advised the verifier that the importer had shown the permission from EU for export of 32 ODP tonnes of CFC-113 to UK, but both IEMO and the exporter (Changshu 3F) failed to present the written document certifying the transaction.
- (b) Considering that the maximum allowable net CFC exports in 2008 is only 100 ODP tonnes, the verifier has reiterated the recommendation in the "Verification of China National CFC Import and Export 2005" that the issuing of CFC export quota in 2007 should cease as early as possible to avoid the risk of exceeding the limit in 2008.

Secretariat's comments

84. The Secretariat appreciates the effort by the World Bank to comply with the decision of the Executive Committee at the 51st Meeting and to conduct a full-fledged verification of the CFC import/export in China for the year 2006.

Secretariat's recommendation

85. The Secretariat recommends that the Executive Committee notes with appreciation the verification of the CFC import/export in 2006 in China submitted by the World Bank.

**Côte d'Ivoire: Phase-out of CFC-12 in the manufacture of cosmetics aerosols by conversion to hydrocarbon aerosol propellant at COPACI, Abidjan**

86. As requested by the Secretariat, UNIDO has submitted a progress report on the implementation of the project for the phase-out of CFC-12 in the manufacture of cosmetics aerosols by conversion to hydrocarbon aerosol propellant at COPACI, Abidjan for consideration by the Executive Committee at its 52nd Meeting.

*Background*

87. At its 46th Meeting, the Executive Committee approved US \$110,428 plus agency support costs of US \$9,939 for UNIDO for the implementation of the COPACI aerosol phase-out project. The Executive Committee approved the project on the understanding that no additional funds would be requested from the Fund for the phase-out of CFCs in the aerosol sector. The Committee also requested UNIDO to make all attempts to redeploy the equipment purchased for a cancelled aerosol project in the FYR Macedonia (MDN/ARS/32/INV/17) in a cost effective manner in order to offset the need to purchase additional new equipment; and in the event that some or all of the equipment from the FYR Macedonia cannot be redeployed to the COPACI aerosol project in Côte d'Ivoire, to continue to attempt to redeploy the equipment elsewhere and to report back to a future Meeting of the Executive Committee.

*Progress report*

88. In September 2005, UNIDO arranged a joint inspection mission to the aerosol manufacturing plant in the FYR Macedonia with the supplier of the equipment (KP Aerofill). It was noted that except for the two 2-ton capacity LPG storage tanks all other equipment items would be suitable for redeployment to COPACI. At the same time, UNIDO advised COPACI about the feasibility for the redeployment of the equipment from the FYR Macedonia project.

89. Upon a proposal by the supplier of the aerosol equipment, a letter was sent to COPACI in January 2006 inviting two of its engineers to attend a five-day training session in equipment installation, operation and maintenance at the aerosol equipment manufacturing plant in the United Kingdom. Despite UNIDO's attempts to obtain feedback from COPACI (through UNIDO's Office in Abidjan and the Ozone Officer), it was only on 18 October 2006 that UNIDO's country representative met with the technical Director of COPACI, who indicated that COPACI did not have sufficiently educated technical staff to send to the United Kingdom. He also indicated that COPACI would prefer to get new aerosol equipment, rather than the equipment supplied to the FYR Macedonia.

90. Subsequently, UNIDO managed to persuade COPACI that the equipment that had been supplied to the FYR Macedonia is new and can easily be adjusted to their plant. However, on 30 November 2006, UNIDO was informed that the British Consulate in Abidjan had been closed and therefore it would be very difficult to obtain visas for their technicians. It was then suggested that the equipment manufacturer send COPACI a detailed manual regarding equipment installation, operation and maintenance. However, this proposal was not accepted by UNIDO, since only experienced staff could ensure safe installation of the hydrocarbon-based aerosol production line.

91. The Secretariat noted that in 2006 the CFC consumption used for manufacturing of aerosols in Côte d'Ivoire was reduced by about 60 per cent and that the company was considering moving its production facility to another country. On this basis, the Secretariat suggested UNIDO should first request an official communication from the company and the Government on their commitment to implement the phase-out project. The Secretariat also suggested that UNIDO further explore the feasibility of using the services of an experienced engineering firm to install the aerosol equipment purchased for the cancelled project in the FYR Macedonia in COPACI.

92. The Minister of the Environment of Côte d'Ivoire wrote to the Director of COPACI on 6 April 2007 indicating that implementation of the project should be completed by 31 May 2007, and that according to the decree of 28 January 1998, the company could be closed if it did not fulfil the requirements under the Montreal Protocol. In response to this communication, the Director of COPACI agreed to start implementation of the phase-out project.

93. On this basis, UNIDO is proposing to request a new quotation from the manufacturer of aerosol equipment in the United Kingdom for the inspection, testing and minor upgrading of the aerosol equipment purchased for the FYR Macedonia at their manufacturing plant and its shipment to Côte d'Ivoire. The agency will arrange transportation of the equipment from the FYR Macedonia to the United Kingdom, and hire an experienced engineering company capable of assisting in the installation and commissioning of the aerosol equipment according to the specifications to be supplied by the aerosol equipment manufacturer.

#### Secretariat's comments

94. The Secretariat noted with appreciation the extraordinary work undertaken by UNIDO to redeploy the aerosol equipment purchased for the plant in the FYR Macedonia to a manufacturing plant in Côte d'Ivoire, and to accelerate the implementation of the project despite the major constraints.

#### Secretariat's recommendation

95. The Executive Committee may wish to:

- (a) Note with appreciation the work undertaken by UNIDO to redeploy the aerosol equipment purchased for an aerosol manufacturing plant in the FYR Macedonia to a manufacturing plant in Côte d'Ivoire;
- (b) Request the Government of Côte d'Ivoire to accelerate the implementation of the project for the phase-out of CFC-12 in the manufacture of cosmetics aerosols by

conversion to a hydrocarbon aerosol propellant at COPACI completing the phase-out of CFCs in the aerosol sector in Côte d'Ivoire; and

- (c) Request UNIDO to report back to the Executive Committee at its 53rd Meeting on the status of implementation of the aerosol project in Côte d'Ivoire including the situation of the redeployment of the aerosol equipment purchased for an aerosol manufacturing plant in the FYR Macedonia.

**Egypt: Technology provider for the project to phase-out of CFC consumption in the manufacture of MDIs**

96. UNIDO, on behalf of the Government of Egypt, submitted a national strategy for the phase-out of MDIs (UNEP/OzL.Pro/ExCom/50/29, paragraphs 1 to 37), together with the conversion of the two locally-owned CFC-based MDI production facilities to HFC-134a technology, for consideration by the Executive Committee at its 50th Meeting.

97. The Committee approved the project for the phase-out of CFC consumption in the manufacture of metered-dose inhalers in Egypt, at a total cost of US \$5,899,000 plus agency support costs of US \$442,425 for UNIDO, including US \$3 million plus agency support costs for technology transfer, on the understanding that UNIDO would negotiate with potential providers prior to the 52nd Meeting of the Executive Committee, and that any savings that might be realized during the process would be returned to the Multilateral Fund at the 52nd Meeting of the Executive Committee (decision 50/28).

*Report submitted by UNIDO*

98. UNIDO invited seven potential suppliers of technology transfer to submit proposals according to detailed terms of references prepared by UNIDO. Furthermore, UNIDO issued the request for participation in the international tender on its website to those companies that might be interested in submitting an offer.

99. Out of the seven potential suppliers, only two bids were received by UNIDO, and only one met all the requirements of the terms of reference. The total cost of the proposal was US \$3,419,080 with the following cost breakdown:

- (a) Products development for two companies (US \$3,157,200);
- (b) Guidance and supervision of engineering works (US \$132,000);
- (c) Travel and accommodation expenses (US \$44,980);
- (d) Validation Master Plan (US \$84,900).

Secretariat's comments

100. Considering the level of funding of the contract (up to US \$3 million) and that only one proposal was submitted according to the terms of reference developed by UNIDO, the Secretariat sought a clarification on whether or not a contract could be granted on this basis. UNIDO indicated that its Contract Committee had agreed to review the offer submitted and negotiate the possibility of a price reduction.

101. The Secretariat and UNIDO discussed the costs of the development of the documentation required for the registration of HFA-MDIs, the request for guidance and supervision of engineering works in addition to the funding that was already approved for commissioning and installation of the equipment, and the contribution by the manufacturing plants towards services to support the new equipment and processes. All these issues have been clarified. The technology provider has agreed to a funding level of US \$3,146,955 to carry out all the work contained in the terms of reference developed by UNIDO.

#### Secretariat's recommendation

102. The Executive Committee might wish to note that the costs of technology transfer for the project to phase-out of CFC consumption in the manufacture of MDIs in Egypt is US \$3,146,955 million.

### **Libyan Arab Jamahiriya: Plan for the phase-out of import and net consumption of halons in the fire fighting sector**

#### *Background*

103. At its 47<sup>th</sup> Meeting, the Fund Secretariat noted that the phase-out plan for Libyan Arab Jamahiriya was consistent with the halon banking guidelines pursuant to decision 18/22 and suggested that the sustainability of the operation should be addressed in the design of the project. UNIDO indicated that remaining project preparation funds could be used to redesign the programme to ensure its long term sustainability without any cost to the project. The Secretariat also noted that a key aspect of the plan for sustainability would be the location of a host enterprise. Following discussion about the need for sustainable halon banking projects, the Executive Committee decided that no funds would be disbursed until UNIDO had completed a plan to ensure the sustainability of the project utilizing remaining project preparation funds already approved (decision 47/11, Annex II).

104. In the context of its progress report to the 49th Meeting, UNIDO indicated that a plan for the sustainability of the halon bank in the Libyan Arab Jamahiriya, would be submitted to the 50th Meeting and the Executive Committee noted this in decision 49/11(e). UNIDO submitted to the 50th Meeting a project document that, in the view of the Secretariat, did not include the requested plan, and therefore a revised plan has been submitted to the 52nd Meeting.

105. The revised plan emphasized the need for the selection of an entity to host the halon recovery/recycling facility. It notes that stakeholders in the fire fighting sector often offer to host the halon recovery and recycling facility without any serious considerations of their capacity to sustain the operation. UNIDO indicated that the selection of the host entity for the halon facility should be based on:

- (a) Capacity to provide sufficient space for installation of halon reclamation equipment and storage of both recycled and non-recycled halons for destruction;
- (b) Availability of utilities (electricity, compressed air, liquid nitrogen);
- (c) Staff experienced in handling pressure vessels and liquefied gasses; and

- (d) Contacts with halon end users in the fire fighting sector.

106. UNIDO planned to select an entity to host the halon recovery and recycling and banking facility following an awareness workshop where the potential candidates would be provided with all relevant information on the general aspects of the operation including costs involved.

Secretariat's comments

107. Libyan Arab Jamahiriya is subject to compliance decisions with respect to regulatory measures that are part of its action plans associated with methyl bromide, CFC and halon control measures.

108. Halon banking project preparation and the subsequent halon banking project are the only activities approved for the country. Based on UNIDO's progress report submitted to the 52nd Meeting, US \$14,816 of the US \$25,000 had been disbursed as at 31 December 2006 with funds of US \$9,935 remaining out of US \$10,184 already obligated.

109. Currently, UNIDO is having difficulties implementing activities in the Libyan Arab Jamahiriya. At its 51st Meeting, the Executive Committee requested the Government of the Libyan Arab Jamahiriya to expedite the financial arrangements so that the institutional strengthening project could move forward (decision 51/14(f)). The Committee also encouraged UNIDO and the Government to submit the 2006 tranche of the CFC phase-out project to the 52nd Meeting (decision 51/15(c)). However, the Government has not responded to these requests or the efforts of UNIDO and the Fund Secretariat to resolve the difficulties and enable funds to be transferred for the institutional strengthening project and to facilitate the submission of the verification reports necessary for the next tranche of the CFC phase-out project.

110. In the case of the halon banking project, neither UNIDO nor the Government has utilized the funds for project preparation to include in the design of the project the selection of the entity to host the halon banking facility. The plan included in the project document does not indicate how the facility would be sustained because the most critical aspect, the hosting of the facility has not been selected. Without the involvement of the Government and the selection taking place at the project preparation stage, the plan is less likely to be sustainable.

Secretariat's recommendation

111. In light of the above and the status of implementation of other projects, the Executive Committee may wish to consider writing to the Government of the Libyan Arab Jamahiriya indicating the possible cancellation of this project if no progress is reported to the 52nd Meeting on establishing a plan for the sustainability of the halon banking facility, including the selection of a host for the halon banking facility and a business plan from that host for the sustainability of the facility. It is suggested that the communications should be conducted at the highest level appropriate.

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