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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral cooperation:

PROJECT TITLE	BILATERAL AGENCY
Servicing sector terminal CFC phase-out plan (first tranche) in Chile	Canada
Terminal phase-out management plan (first tranche) in Central African Republic	France
Terminal ODS phase-out management plan (second tranche) in Seychelles	France
Terminal phase-out management plan (first tranche) in Uganda	France
Project preparation for a terminal phase-out management plan in Botswana	Germany
Preparation of a HCFC phase-out management plan (multiple sectors) in Bolivia	Germany
Preparation of a HCFC phase-out management plan (multiple sectors) in Brazil	Germany
Preparation of a HCFC phase-out management plan (multiple sectors) in China	Germany
Preparation of a HCFC phase-out management plan (commercial refrigeration and air conditioning sectors) in Colombia	Germany
Preparation of a HCFC phase-out management plan (refrigeration and air conditioning servicing sectors) in India	Germany
Preparation of a HCFC phase-out management plan (refrigeration servicing and foam sectors) in the Islamic Republic of Iran	Germany
Preparation of a HCFC phase-out management plan in Mauritius	Germany
Preparation of a HCFC phase-out management plan in Namibia	Germany

Note on the organization of the document

1. This document provides an overview of requests from bilateral agencies, and whether they are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2008. It also cross-references relevant meeting documents that include a discussion on the bilateral requests.

2. There is one request that is fully addressed in this document. This is from the Government of Germany for the project preparation for a terminal phase-out management plan in Botswana. This document also contains the standard recommendation on the year of assignment of bilateral cooperation, as a general recommendation at the end of the document.

Introduction

3. A total of thirteen requests for bilateral cooperation with a value of US \$2,171,105 (including agency fees) have been received by the Secretariat for approval at the 55th Meeting. This document presents, by bilateral agency, those projects that are before the Executive Committee for its consideration.

4. Table 1 provides a summary of the value and number of requests by bilateral agency.

Table 1

VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY BILATERAL AGENCY (including agency fees)

Bilateral Agency	Total Amount Requested (US \$)	Number of Projects	Total request for 2008
Canada	198,880	1	855,152
France	302,275	3	842,980
Germany*	1,669,950	9	3,789,761*
TOTAL	2,171,105	13	

* Includes the amounts of US \$572,817 approved at the 51st Meeting, US \$357,500 at the 52nd Meeting and US \$1,189,494 at the 54th meeting for Germany's 2008 bilateral programme

REQUEST FROM THE GOVERNMENT OF CANADA

Introduction

5. Table 2 presents a summary of the request for bilateral co-operation from the Government of Canada. The value of this request (US \$198,880) in addition to projects approved at the 54th Meeting (US \$656,272) does not exceed 20 per cent of Canada's contribution for 2008 (US \$940,073). Canada did not exceed its allocation for 2006 and 2007.

Table 2

SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Servicing sector terminal CFC phase-out plan (first tranche)	Chile	176,000	(1)
Agency Fee		22,880	
TOTAL		198,880	

(1) UNEP/OzL.Pro/ExCom/55/26

CHILE: Servicing sector terminal CFC phase-out plan (first tranche) (US \$198,880)

6. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/55/26.

REQUEST FROM THE GOVERNMENT OF FRANCE**Introduction**

7. Table 3 presents a summary of the request for bilateral co-operation from the Government of France. The value of this request (US \$302,275) in addition to projects approved at the 54th Meeting (US \$540,705) does not exceed 20 per cent of France's contribution for 2008 (US \$2,015,159) and France also did not exceed its allocation for 2006 and 2007.

Table 3

SUBMISSION FROM THE GOVERNMENT OF FRANCE AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Terminal phase-out management plan (first tranche)	Central African Republic	55,000	(1)
Terminal ODS phase-out management plan (second tranche)	Seychelles	60,000	(2)
Terminal phase-out management plan (first tranche)	Uganda	152,500	(3)
Agency Fee		34,775	
TOTAL		302,275	

(1) Under UNEP/OzL.Pro/ExCom/55/25

(2) Under UNEP/OzL.Pro/ExCom/55/39

(3) Under UNEP/OzL.Pro/ExCom/55/41

CENTRAL AFRICAN REPUBLIC: TERMINAL PHASE-OUT MANAGEMENT PLAN (FIRST TRANCHE) (US \$55,000)

8. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/55/25.

SEYCHELLES: TERMINAL ODS PHASE-OUT MANAGEMENT PLAN (SECOND TRANCHE) (US \$60,000)

9. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/55/39.

UGANDA: TERMINAL PHASE-OUT MANAGEMENT PLAN (FIRST TRANCHE) (US\$152,500)

10. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/55/41.

REQUEST FROM THE GOVERNMENT OF GERMANY

Introduction

11. Table 4 presents a summary of the request for bilateral co-operation projects from the Government of Germany. The value of this request (US \$1,669,950) if added to the amount of US \$2,119,811 that had been already approved for the 2008 German bilateral programme over the 51st, 52nd and 54th Meetings, would lead to the bilateral agency exceeding its 20 per cent limit for its 2008 bilateral programme. The maximum level of additional projects that can be considered for approvals at the 55th Meeting is US \$774,933, for Germany not to exceed its maximum level of bilateral contributions for the 2006-2008 triennium.

Table 4

SUBMISSION FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Project preparation for a terminal phase-out management plan	Botswana	30,000	(*)
Preparation of a HCFC phase-out management plan (multiple sectors)	Bolivia	80,000	(*)
Preparation of a HCFC phase-out management plan (multiple sectors)	Brazil	219,424	(*)
Preparation of a HCFC phase-out management plan (multiple sectors)	China	4,68,245	(*)

Preparation of a HCFC phase-out management plan (commercial refrigeration and air conditioning sectors) in Colombia	Colombia	127,716	(*)
Preparation of a HCFC phase-out management plan (refrigeration and air conditioning servicing sectors)	India	211,270	(*)
Preparation of a HCFC phase-out management plan (refrigeration servicing and foam sectors)	Islamic Republic of Iran	191,177	(*)
Preparation of a HCFC phase-out management plan	Mauritius	75,000	(*)
Preparation of a HCFC phase-out management plan	Namibia	75,000	(*)
Agency Fee		192,118	(*)
TOTAL		1,669,950	

(*) Individual consideration / pending.

BOTSWANA: Project preparation for a terminal phase-out management plan (US \$30,000)

Project description

12. On behalf of the Government of Botswana, Germany has submitted, for consideration by the Executive Committee, a request for funding for the preparation of a terminal phase-out management plan (TPMP) for Botswana. The request has been submitted in accordance with decision 45/54 (on TPMP for LVC countries).

Fund Secretariat's comments

13. In reviewing the requests for the preparation of the TPMP for Botswana, the Secretariat noted that the country had already reported its ODS consumption for 2006 under Article 7 of the Montreal Protocol with a present level of consumption below its baseline, and also below the 50 percent reduction required under the Montreal Protocol. The 2006 consumption was however still way above the limit allowed under the Montreal Protocol for 2007, and Botswana will have had to reduce its current consumption by fifty percent in order to meet the 2007 reduction limit. The Secretariat also noted that Botswana has, as of this writing, not yet submitted its country programme data for 2007.

14. The Secretariat also noted that Botswana has not yet ratified the Montreal Amendment, and the latest information from the Ozone Secretariat as of February 2008 shows that the country still has not reported that it has in place licensing systems pursuant to Article 4B of the Montreal Protocol. In seeking clarification it was confirmed that the country has an existing licensing system, and that this is being communicated to the Ozone Secretariat.

Fund Secretariat's recommendation

15. The Executive Committee may wish to approve this request for the preparation of a TPMP for Botswana at the level of funding indicated in Table 4 above.

HCFC Phase-Out Plans

Bolivia	Preparation of a HCFC phase-out management plan (multiple sectors)	US \$80,000
Brazil	Preparation of a HCFC phase-out management plan (multiple sectors)	US \$219,424
China	Preparation of a HCFC phase-out management plan (multiple sectors)	US \$4,68,245
Colombia	Preparation of a HCFC phase-out management plan (Commercial refrigeration and air conditioning sectors) in Colombia	US \$127,716
India	Preparation of a HCFC phase-out management plan (refrigeration and air conditioning servicing sectors)	US \$211,270
Islamic Republic of Iran	Preparation of a HCFC phase-out management plan (refrigeration servicing and foam sectors)	US \$191,177
Mauritius	Preparation of a HCFC phase-out management plan	US \$75,000
Namibia	Preparation of a HCFC phase-out management plan	US \$75,000

Project description

16. The Government of Germany, as a bilateral agency also submitted requests for HPMP preparation funds to this meeting. There is a total of eight requests, with two to be implemented by GTZ alone, and six to be implemented in cooperation with other agencies.

17. GTZ provided individual proposals for each of its requests, with each proposal containing specific details on activities and a breakdown of the costs requested for each country. In its submissions, GTZ lists the following costed activities:

- (a) Detailed HCFC consumption survey
- (b) Policy assistance
- (c) Stakeholder consultations
- (d) Drafting and finalizing the HPMP proposal.

Fund Secretariat's comments

18. In the absence of agreed funding policies specifically related to HCFCs, the Secretariat drew on the Fund's experience to date of addressing ODS phase out. In reviewing these requests the Secretariat considered the following:

- (a) Latest HCFC consumption in the countries on the list based on Article 7;
- (b) Common elements of HPMP project preparation as seen from the submissions;

- (c) HPMP guidelines as approved in decision 54/39, and the elements of an HPMP as indicated therein;
- (d) Earlier costs of country programme preparation, RMP/TPMP/NPP preparation as well as costs for the preparation of sector plans for CFC phase out for all countries as well as costs for individual preparation for countries with HCFC manufacturing; and
- (e) Costs of earlier approved HCFC surveys for 13 countries.

19. In line with decision 54/39, the Secretariat also classified the countries into two main categories:

- (a) Countries with HCFC consumption in the servicing sector only (HCFC-22); and
- (b) Countries with HCFC consumption in both servicing and manufacturing (HCFC-22, HCFC-141b and other HCFCs).

20. To determine standard costs in line with previous decisions and guidelines of the Executive Committee, the Secretariat has determined that HPMP preparation funding can be divided into the following components, in line with decision 54/39:

- (a) Assistance for policy and legislation;
- (b) Survey of HCFC use and analysis of data;
- (c) Development and finalization of the full HPMP including consultations; and
- (d) Individual investment project proposals.

21. The Secretariat also considered that the first three components as indicated in paragraph 20 above will be common to all countries regardless of consumption. The last component will apply only to those countries that have HCFC use in manufacturing. In considering the first three components, the Secretariat also noted that for some countries, these may already include some elements of small investment projects that may be ready for simple conversions and where the alternative is already known.

22. Of the requests received, Germany is lead only for Bolivia, as well as the sole implementing agency for Mauritius and Namibia. It is acting as cooperating agency for the rest of the other 5 countries. Germany provided the Secretariat with individual and detailed project proposals for each of its submissions. The Secretariat reviewed these submissions and noted that there was considerable effort put in by Germany to determine the cost elements for their project preparation. For the countries where Germany is the cooperating agency, Germany's proposals were for the development of specific sub-sector strategies, on sectors that were assumed to be agreed with the country as well as for the lead agency responsible for the HPMP preparation. For those where Germany is lead or the sole agency, the costs provided were reasonable and consistent with historical funding approvals.

23. During the review process, the Secretariat noted that while Germany has provided a detailed breakdown of the costs, it is unclear whether these costs were reconciled with those that were being requested by the lead agency, and whether there was agreement on the level of

funding for the sub-sectors. There was no clear information from Germany nor from the other agencies on this issue.

24. In the case of China, the total request for HPMP preparation submitted by all agencies is US \$4,532,995, out of which Germany's component cost is over US \$468,000. The proposal describes this as technical assistance for the refrigeration and air conditioning sector, as well as preparation for the HCFC phase out in the manufacturing of extruded polystyrene foam. The Secretariat notes that both these requests have policy components included in the funding requested. This needs to be considered from the perspective of the overall funding that China is requesting. In view of the complexity and size, the Secretariat believes that China would need to be considered separately from the other HPMP preparation funding requests.

25. Germany also submitted a proposal for India, where it is one of 5 agencies working with UNDP as lead. Their proposal indicates that this will cover the refrigeration and air conditioning sector, where a policy component is again included in the costing.

26. In view of the wide range of costs submitted by the agencies for the HPMP preparation funding requests, the Secretariat, following a detailed analysis as mentioned above, proposed costs as summarized in the table below:

Summary table of recommended costs for HPMP preparation

Country classification	zero consumption	countries with servicing only (HCFC-22 only)	countries with servicing and manufacturing* (mid-consumption countries)	countries with servicing and manufacturing* (larger consumption countries)
ACTIVITY	BUDGETS (US\$)			
1. Policy assistance for HCFC licensing system				
Legal consultant(s)	4,000	10,000	15,000	15,000
Consultation meetings to finalise guidelines and rules	4,000	5,000	10,000	10,000
Information dissemination for enforcement	2,000	5,000	5,000	5,000
Sub-total:	10,000	20,000	30,000	30,000
2. Survey, Data collection and Analysis**				
Consultant costs	5,000	10,000	20,000	40,000
Stakeholder consultation meeting and finalisation of report	5,000	5,000	10,000	10,000
Data collection costs (including travel, if required)	5,000	10,000	25,000	35,000
Sub-total:	15,000	25,000	55,000	85,000
3. Strategy development and finalisation				
3 national meetings (start of the process, initial consultation and final consultation)	10,000	15,000	20,000	30,000
Documentation and information materials (sub-contract)	5,000	5,000	5,000	5,000
Local travel expenses for meeting participants	10,000	20,000	15,000	15,000
Consultants to review technology including climate benefits	Not applicable	Not applicable	25,000	30,000
Sub-total:	25,000	40,000	65,000	80,000
Total Cost	50,000	85,000	150,000	195,000

* these costs are standard costs for the preparation of the HPMP, individual project preparation for demonstration and other investment projects will be costed separately

** funding already received by countries for surveys will be adjusted lower than these proposed costs, accordingly.

Fund Secretariat's recommendation

27. The Secretariat discussed with the agency the level of funding submitted for project preparation of the HPMPs for the countries listed in its work programme amendment and attempted to come to an agreement on the approach and the cost of each proposal. As of the writing of this document, no agreement on cost has been reached.

28. Pending.

GENERAL RECOMMENDATION

29. The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 55th Meeting as follows:

- (a) US \$198,880 (including agency fees) against the balance of Canada's bilateral contribution for 2008;
- (b) US \$302,275 (including agency fees) against the balance of France's bilateral contribution for 2008;
- (c) Note that since Germany has fully committed its 20 per cent bilateral contribution for 2006 and 2007, and an amount of US \$2,119,811 has already been approved for 2008, an amount of US \$774,933 is available for approval in 2008 to be offset against Germany bilateral cooperation programme at the 55th Meeting.