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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixtieth Meeting
Montreal, 12-15 April 2010

BILATERAL COOPERATION

PROJECT TITLE	BILATERAL AGENCY
Servicing sector terminal CFC phase-out plan (second tranche) in Chile	Canada
National methyl bromide phase-out plan (second tranche) in Mexico	Canada
Terminal phase-out management plan for Annex A Group I Substances (third tranche) in Uruguay	Canada
Initiating regional cooperation to enforce ODS trade controls in Europe and Central Asia network countries (second tranche)	Czech Republic
Demonstration project for disposal of unwanted ODS (phase 1) in Mexico	France
Preparation of a HCFC phase-out management plan in Afghanistan	Germany
Preparation of a HCFC phase-out management plan in Botswana	Germany
Terminal phase-out management plan (second tranche) in Botswana	Germany
National phase-out of Annex A (Group I) substances (phase II, fourth tranche) in Zimbabwe	Germany
Phase-out of HCFC-141b from the manufacturing of polyurethane rigid and integral skin foams at Poly-Mix in Croatia	Italy
Publication of two technical handbooks on experiences gained in the phase-out of ODS	Italy
Study on mechanisms and strategies for accounting emission reductions related to HCFC phase-out in the post-2012 climate regime: synergies between Montreal Protocol and the carbon finance in the introduction of alternatives to HCFCs	Italy
Demonstration project to validate the use of super-critical CO ₂ in the manufacture of sprayed polyurethane rigid foams in Colombia	Japan
Preparation for HCFC phase-out investment activities (XPS foam manufacturing sector) in Mongolia	Japan
National methyl bromide phase-out plan (second tranche) in Mexico	Spain

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 issuance of the document.

Note on the organization of the document

1. This document provides an overview of requests from bilateral agencies, and whether these are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2009-2010. It cross-references relevant meeting documents that include a discussion on the bilateral requests, and contains the standard recommendation on the year of assignment for bilateral cooperation at the end of the document. There are six requests that are fully addressed in this document. One from the Government of the Czech Republic: Initiating regional cooperation to enforce ODS trade controls in Europe and Central Asia network countries (second tranche). Two from the Government of Germany: Preparation of a HCFC phase-out management plan in Afghanistan, and National phase-out of Annex A (Group I) substances (phase II, fourth tranche) in Zimbabwe. Two from the Government of Italy: Publication of two technical handbooks on experiences gained in the phase-out of ODS, and Study on mechanisms and strategies for accounting emission reductions related to HCFC phase-out in the post-2012 climate regime: synergies between Montreal Protocol and the carbon finance in the introduction of alternatives to HCFCs and one from the Government of Japan: Preparation for HCFC phase-out investment activities (XPS foam manufacturing sector) in Colombia.

2. A total of fifteen projects for bilateral cooperation with a value of US \$4,633,704 (including agency fees) have been received by the Secretariat for approval at the 60th Meeting. Three from the Government of Canada; one from the Government of the Czech Republic; one from the Government of France; four from the Government of Germany; three from the Government of Italy; two from the Government of Japan and one from the Government of Spain.

3. Table 1 provides a summary of the value and number of requests by the Governments of Canada, Czech Republic, France, Germany, Italy, Japan and Spain.

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
Canada	887,922	3
Czech Republic	90,965	1
France	1,120,000	1
Germany	305,008	4
Italy	770,566	3
Japan	566,243	2
Spain	893,000	1
Total	4,633,704	15

REQUEST FROM THE GOVERNMENT CANADA

Introduction

4. Table 2 provides a summary of the request for bilateral co-operation from the Government of Canada. The value of this request (US \$887,922) does not exceed 20 per cent of Canada's contribution for 2010 (US \$963,805).

Table 2

SUBMISSION FROM THE GOVERNMENT OF CANADA

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Servicing sector terminal CFC phase-out plan (second tranche)	Chile	261,500	(1)
National methyl bromide phase-out plan (second tranche)	Mexico	500,000	(2)
Terminal phase-out management plan for Annex A Group I Substances (third tranche)	Uruguay	30,000	(3)
Agency Fee		96,422	
TOTAL		887,922	

(1) UNEP/OzL.Pro/ExCom/60/23

(2) UNEP/OzL.Pro/ExCom/60/34

(3) UNEP/OzL.Pro/ExCom/60/42

CHILE: Servicing sector terminal CFC phase-out plan (second tranche) (US \$261,500)

5. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/23.

MEXICO: National methyl bromide phase-out plan (second tranche) (US \$500,000)

6. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/34.

URUGUAY: Terminal phase-out management plan for Annex A Group I Substances (third tranche) (US \$30,000)

7. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/42.

REQUEST FROM THE GOVERNMENT CZECH REPUBLIC**Introduction**

8. Table 3 provides a summary of the request for bilateral co-operation from the Government of the Czech Republic. The value of this request (US \$90,965) does not exceed 20 per cent of the Czech Republic's contribution for 2010 (US \$90,973).

Table 3

SUBMISSION FROM THE GOVERNMENT OF CZECH REPUBLIC

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Initiating regional cooperation to enforce ODS trade controls in Europe and Central Asia network countries (second tranche)	Europe	80,500	80,500
Agency Fee		10,465	10,465
TOTAL		90,965	90,965

REGION:**EUROPE: Initiating regional cooperation to enforce ODS trade controls in Europe and Central Asia network countries (second tranche) (US \$80,500)**Project description

9. The Government of the Czech Republic is submitting, jointly with UNEP, a request to fund the second tranche at the level of US \$80,500 of the project initiating regional cooperation to enforce ODS trade controls in ECA countries which was approved in principle at the 57th Meeting. This project will continue to be implemented through UNEP's networking activity under the CAP, and linked with the ODSONET/ECA network.

10. In its submission, the Czech Republic and UNEP provided a detailed report of the activities undertaken for the first year of the project. The report provides comprehensive information on the consultations undertaken, the information tools and awareness materials developed, information on the results of the desk study undertaken, among other activities during its first year of implementation. A copy of the report is available upon request by members of the Executive Committee.

11. The submission also includes the proposed work plan for 2010 which lists the remaining activities that need to be completed, based on their original submission to the 57th Meeting. The Government of the Czech Republic will continue to bear the costs for other elements such as experts and resource speakers, desk studies and costs for setting up the regional information exchange system and the development of enforcement tools and other management tools during this second year.

Fund Secretariat's comments

12. This project proposal was approved by the Executive Committee for the joint implementation of the Czech Republic and UNEP at the 57th Meeting. At that meeting, the Committee in decision 57/17(a) agreed that "in requesting funding for the second year, the Government of the Czech Republic and UNEP would prepare a joint report on the outputs of the network's first year of operation". The Secretariat reviewed the report jointly submitted by the two agencies in line with decision 57/17 and found this to be detailed and comprehensive. It provided an overview of the main activities and achievements made during this first year of operation of the network. The Secretariat notes that the report shows a positive impact on monitoring ODS movement in the region, and that the desk study has made important conclusions on how to solve data discrepancies. Both agencies have also provided a timetable for the 2010 annual work plan.

13. Funding for the UNEP component is discussed under UNEP/OzL.Pro/ExCom/60/18 UNEP's Work Programme.

Fund Secretariat's recommendation

14. The Fund Secretariat recommends approval of the second and final tranche of the project Initiating regional cooperation to enforce ODS trade controls in Europe and Central Asia network countries (second tranche) at the level of funding of US \$80,500 plus support cost as indicated in Table 3 of the document, on the understanding that no further funding for this regional enforcement network shall be provided and that activities to ensure monitoring of ODS in the region should be integrated into the Europe and Central Asia network funded under the Compliance Assistance Programme.

REQUEST FROM THE GOVERNMENT FRANCE

Introduction

15. Table 4 provides a summary of the request for bilateral co-operation from the Government of France. The value of this request (US \$1,120,000) does not exceed 20 per cent of France's contribution for 2010 (US \$2,039,952).

Table 4

SUBMISSION FROM THE GOVERNMENT OF FRANCE

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Demonstration project for disposal of unwanted ODS (phase 1)	Mexico	1,000,000	(1) (*)
Agency Fee		120,000	
TOTAL		1,120,000	

(1) UNEP/OzL.Pro/ExCom/60/34

(*) Pending

MEXICO: Demonstration project for disposal of unwanted ODS (phase 1) (US \$1,000,000)

16. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/34.

REQUEST FROM THE GOVERNMENT GERMANY

Introduction

17. Table 5 provides a summary of the request for bilateral co-operation from the Government of Germany. The value of this request (US \$305,008) does not exceed 20 per cent of Germany's contribution for 2010 (US \$2,776,808).

Table 5

SUBMISSION FROM THE GOVERNMENT OF GERMANY

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Preparation of a HCFC phase-out management plan	Afghanistan	30,000	(*)
Preparation of a HCFC phase-out management plan	Botswana	150,000	150,000
Terminal phase-out management plan (second tranche)	Botswana	50,000	(1)
National phase-out of Annex A (Group I) substances (phase II, fourth tranche)	Zimbabwe	40,000	(2)
Agency Fee		35,008	19,500
TOTAL		305,008	169,500

(*) Individual Consideration

(1) UNEP/OzL.Pro/ExCom/60/22

(2) UNEP/OzL.Pro/ExCom/60/44

AFGANISTAN: Preparation of a HCFC phase-out management plan (US \$30,000)Project description

18. The Government of Germany submitted a request for the preparation of an investment project in one enterprise of the refrigeration sector in Afghanistan for US \$30,000 in line with decision 56/16. In support of its submission, the Government of Germany indicated that during the survey for the preparation of the HPMP, one enterprise manufacturing refrigeration equipment and using HCFC-22 has been identified.

19. The company, Qasr Yakh, is located in the city of Herat. It started operations in May 2007 and is fully owned by Afghan nationals. The company produces refrigeration equipment to order using self made as well as imported components. Its products are all types of standalone refrigeration systems like commercial size refrigerators, water coolers, ice-cream freezers, ice makers, bottle coolers, fresh food display cabinets and small commercial freezers.

Fund Secretariat's comments

20. The Secretariat reviewed all the above submissions in detail, and determined that the information provided and the funding requested is consistent with decision 56/16. It notes, however, that the company started operations only in May 2007, and the Executive Committee has not yet made a decision regarding cut-off date of for eligibility of HCFC manufacturing enterprises.

Fund Secretariat's recommendation

21. In view of the above, the Executive Committee may wish to consider whether to fund the request for the Government of Germany for the preparation of an investment project as part of the HPMP for Afghanistan at the level of funding of US \$30,000 indicated in Table 5 of this document, consistent with decision 56/16.

BOTSWANA: Preparation of a HCFC phase-out management plan (US \$150,000)

Project description

22. The Government of Germany submitted a request for the preparation of HCFC phase-out management plan (HPMP) for Botswana. Botswana’s reported HCFC consumption for 2007 is 10 ODP tonnes made up of both HCFC-22 and HCFC-141b.

Fund Secretariat’s comments and recommendation

23. The Secretariat notes that the request for Botswana is line with decision 56/16, where countries with only HCFC-22 consumption will receive funds for HPMP preparation of US \$150,000 for stage 1 of their HPMP. The Fund Secretariat recommends blanket approval of the request for project preparation for a HPMP for Botswana at the level of funding shown in Table 5.

BOTSWANA: Terminal phase-out management plan (second tranche) (US \$50,000)

24. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/22.

ZIMBABWE: National phase-out of Annex A (Group I) substances (phase II, fourth tranche) (US \$40,000)

25. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/44.

REQUEST FROM THE GOVERNMENT ITALY

Introduction

26. Table 6 provides a summary of the request for bilateral co-operation from the Government of Italy. The value of this request (US \$770,566) does not exceed 20 per cent of Italy’s contribution for 2010 (US \$1,644,329).

Table 6

SUBMISSION FROM THE GOVERNMENT OF ITALY

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Phase-out of HCFC-141b from the manufacturing of polyurethane rigid and integral skin foams at Poly-Mix	Croatia	251,917	(1)
Publication of two technical handbooks on experiences gained in the phase-out of ODS	Global	110,000	(*)
Study on mechanisms and strategies for accounting emission reductions related to HCFC phase-out in the post-2012 climate regime: synergies between Montreal Protocol and the carbon finance in the introduction of alternatives to HCFCs	Global	320,000	(*)
Agency Fee		88,649	
TOTAL		770,566	

(1) UNEP/OzL.Pro/ExCom/60/27

(*) Individual Consideration

CROATIA: Phase-out of HCFC-141b from the manufacturing of polyurethane rigid and integral skin foams at Poly-Mix (US \$ 251,917)

27. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/27.

GLOBAL: Publication of two technical handbooks on experiences gained in the phase-out of ODS (US \$110,000)

Project description

28. The Government of Italy has submitted a request for the preparation of two technical handbooks on experiences gained in the phase-out of ODS. The two handbooks that are proposed are listed below:

- (a) Lessons learned from the implementation of methyl bromide phase out projects and challenges ahead to ensure sustainable achievement (US \$55,000);
- (b) Adoption of low environmental impact technologies in the CFC phase out for the refrigeration and foam sector: the Montreal Protocol success story (US \$55,000).

29. These publications are proposed in order to use the experiences gained during the implementation of the investment projects for CFC and methyl bromide phase out and provide the National Ozone Units and stakeholders with concrete tools for selection of technologies and alternatives in the phase out of other ODS. This will be implemented for the Government of Italy by UNIDO.

Fund Secretariat's comments

30. The Secretariat noted that the activities proposed by Italy are normally those that are undertaken by UNEP as part of their information clearinghouse functions. In discussions with the representative from the Government of Italy, it was clarified that these publications would be more technical in nature and will focus more on the specific projects that have been undertaken with the Government of Italy and UNIDO. It is the intention to disseminate this information in order to communicate the successes of these projects so that these can be used in the development of strategies for HCFC phase-out, and at the same time acquaint stakeholders on the good partnership between UNEP and Italy particularly in the implementation of Methyl Bromide projects.

31. The Secretariat also pointed out to the Government of Italy that these projects are not required for compliance at this time.

Fund Secretariat's recommendation

32. The Executive Committee may wish to consider whether or not to approve the request from the Government of Italy to prepare two technical publications on the experiences of project implementation in the Montreal Protocol, at the level of funding of US \$110,000 plus support costs.

GLOBAL: Study on mechanisms and strategies for accounting emission reductions related to HCFC phase-out in the post-2012 climate regime: synergies between Montreal Protocol and the carbon finance in the introduction of alternatives to HCFCs (US \$320,000)

Project description

33. The Government of Italy submitted a request for funds to identify a suitable scheme for the

accounting of greenhouse gas emission reductions (ERs) from HCFC phase-out activities at the level of funding of US \$320,000 plus support costs. The proposal aims at designing an operational financial scheme to explore synergies between the Montreal Protocol and carbon finance to enable the introduction of low climate impact alternatives to HCFCs. The project is expected to result in a methodology that will allow for the identification of ERs in Montreal Protocol projects that could be used to leverage co-financing from other sources. A detailed proposal is attached as an Annex to this document.

Fund Secretariat's comments

34. The Secretariat noted that this proposal is very similar to the resource mobilisation proposals submitted by UNDP, UNIDO and the World Bank. It also observed from the proposal that perhaps this would also build capacity within the bilateral agency to develop such methodologies, an activity which is not necessarily considered as an incremental cost to the Multilateral Fund.

35. The Secretariat had a very detailed discussion on this proposal with the representative from the Government of Italy and sought clarifications on the issues raised above. In these discussions, it was clarified that the main reason for submitting this proposal is to minimise the possible delays that could be incurred in determining climate benefits of HCFC phase-out required under decision XIX/6. With the proposed methodology development and consultation with potential donors and understanding their requirements, the study is intended to anticipate the actions and emerging issues associated with co-financing aspects of HCFC phase-out. Once the study is completed, sources of funding could be identified together with their specific requirements.

36. The guidelines for HPMP preparation agreed in decision 54/39 included the provision for Article 5 countries to consider financial incentives and opportunities for co-financing in their final HPMPs, which could be relevant for ensuring that HCFC phase-out results in benefits in accordance with paragraph 11(b) of decision XIX/6 mentioned above.

37. The Secretariat further noted that the Executive Committee at its 57th and 58th Meetings discussed a facility for additional income from loans and other sources. At the 59th Meeting during the discussion of this same agenda item, the Executive Committee, in decision 59/48 requested the Secretariat to consolidate the material presented on the Special Funding Facility, with any additional contributions submitted by Members by the end of 2009, into a single agenda item addressing both the Facility as well as any issues related to decision XIX/6 paragraph 11(b) of the Nineteenth Meeting of the Parties for consideration at its 60th Meeting. This revised paper will also be discussed at the 60th Meeting. As this proposal falls into this category of resource mobilisation, it should be discussed in the context of Agenda item 11.

Fund Secretariat's recommendation

38. The Executive Committee may wish to consider the request of Italy to funding the project on a study on mechanisms and strategies for accounting emission reductions related to HCFC phase-out in the post-2012 climate regime: synergies between Montreal Protocol and the carbon finance in the introduction of alternatives to HCFCs in light of the information presented above, and in the discussion on Agenda item 11, Incentives associated with Multilateral Fund climate impact indicator and a Special Funding Facility.

REQUEST FROM THE GOVERNMENT JAPAN**Introduction**

39. Table 7 provides a summary of the request for bilateral co-operation from the Government of Japan. The value of this request (US \$566,243) does not exceed 20 per cent of Japan's contribution for 2010 (US \$5,382,029).

Table 7**SUBMISSION FROM THE GOVERNMENT OF JAPAN**

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Demonstration project to validate the use of super-critical CO ₂ in the manufacture of sprayed polyurethane rigid foams	Colombia	441,100	(1)
Preparation for HCFC phase-out investment activities (XPS foam manufacturing sector)	Mongolia	60,000	60,000
Agency Fee		65,143	7,800
TOTAL		566,243	67,800

(1) UNEP/OzL.Pro/ExCom/60/25

COLOMBIA: Demonstration project to validate the use of super-critical CO₂ in the manufacture of sprayed polyurethane rigid foams (US \$441,100)

40. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/25.

MONGOLIA: Preparation for HCFC phase-out investment activities (XPS foam manufacturing sector) (US \$60,000)

41. The Government of Japan requested additional funds for the preparation of an investment project for Mongolia who already had approved HPMP preparation funding. In its submission, Japan provided basic information about the country's HCFC consumption and sectors where HCFCs are used, and how these sector plans will link to a comprehensive HPMP in particular for countries where implementation is being shared by more than one agency.

Secretariat's comments

42. Mongolia requested a change in its HCFC data for 2008 resulting in an increased level of consumption. The country advised that the additional HCFC consumption was due to the two manufacturing companies covered in this preparation request.

43. The Secretariat reviewed this submission in detail and found that the information submitted for Mongolia and the funding requested is consistent with that required in decision 56/16. It also noted in particular that UNEP as the lead agency for the HPMP preparation process has been consulted for Mongolia, and that there is a clear understanding on the division of responsibilities for each agency.

Secretariat's recommendation

44. The Secretariat recommends blanket approval of the request for the preparation of the investment activities in the HPMP for Mongolia at the level of funding indicated in Table 7 of this document.

REQUEST FROM THE GOVERNMENT SPAIN

Introduction

45. Table 8 provides a summary of the request for bilateral co-operation from the Government of Spain. The value of this request (US \$893,000) 20 per cent does not exceed of Spain's contribution for 2010 (US \$960,891).

Table 8

SUBMISSION FROM THE GOVERNMENT OF SPAIN

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
National methyl bromide phase-out plan (second tranche)	Mexico	800,000	(1)
Agency Fee		93,000	
TOTAL		893,000	

(1) UNEP/OzL.Pro/ExCom/60/34

MEXICO: National methyl bromide phase-out plan (second tranche) (US \$800,000)

46. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/60/34.

GENERAL RECOMMENDATION

47. The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 60th Meeting as follows:

- (a) [US \$887,922] (including agency fees) against the balance of Canada's bilateral contribution for 2010;
- (b) US \$90,965 (including agency fees) against the balance of the Czech Republic's bilateral contribution for 2010;
- (c) [US \$1,120,000] (including agency fees) against the balance of France's bilateral contribution for 2010;
- (d) [US \$305,008] (including agency fees) against the balance of Germany's bilateral contribution for 2010;
- (e) [US \$770,566] (including agency fees) against the balance of Italy's bilateral contribution for 2010;
- (f) [US \$566,243] (including agency fees) against the balance of Japan's bilateral contribution for 2010; and
- (g) [US \$893,000] (including agency fees) against the balance of Spain's bilateral contribution for 2010;
