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

PROJECT PROPOSAL: KYRGYZSTAN

This document consists of the comments and recommendation of the Fund Secretariat on the following project proposal:

Phase-out

- Terminal CFC phase-out management plan (third tranche) UNEP and UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Kyrgyzstan

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNDP, UNEP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 5	CTC: 0	Halons: 0	MB: 0	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2008			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					5.								5
CTC													0
Halons													0
Methyl Bromide										0.6			0.6
Others													0
TCA													0

(IV) PROJECT DATA			2006	2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	36.4	10.9	10.9	10.9	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC	7.	6.	5.	3.	0.	
Project Costs (US\$)	UNDP	Project Costs	194,000.	63,000.	60,000.			317,000.
		Support Costs	14,550.	4,725.	4,500.			23,775.
	UNEP	Project Costs	142,600.	65,100.	25,300.			233,000.
		Support Costs	18,538.	8,463.	3,289.			30,290.
Total Funds Approved in Principle (US\$)		Project Costs	336,600.	128,100.	85,300.			550,000.
		Support Costs	33,088.	13,188.	7,789.			54,065.
Total Funds Released by the ExCom (US\$)		Project Costs	336,600.	0.	128,100.			464,700.
		Support Costs	33,088.	0.	13,188.			46,276.
Total Funds Requested for Current Year (US\$)		Project Costs					85,300.	85,300.
		Support Costs					7,789.	7,789.

(V) SECRETARIAT'S RECOMMENDATION:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Kyrgyzstan, UNEP, as the lead implementing agency, has submitted to the 60th Meeting of the Executive Committee a request for funding for the third and final tranche of the terminal CFC phase-out management plan (TPMP) at a total cost of US \$25,300 plus agency support costs of US \$3,289 for UNEP, and US \$60,000 plus agency support costs of US \$4,500 for UNDP. The submission also includes a progress report on the implementation of the TPMP during 2009, an audit report for the 2008 and 2009 periods, and the implementation programme for 2010.

Background

2. The TPMP for Kyrgyzstan was approved by the Executive Committee at its 50th Meeting, to completely phase out CFC consumption in the country by 1 January 2010. Total funding of US \$550,000 plus agency support costs of US \$54,065 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$142,600 plus agency support costs of US \$18,538 for UNEP, and US \$194,000 plus agency support costs of US \$14,550 for UNDP, for the implementation of the first tranche of the TPMP. At its 55th Meeting, the Executive Committee approved the second tranche at a total cost of US \$65,100 plus agency support costs of US \$8,463 for UNEP and US \$63,000 plus agency support costs of US \$4,725 for UNDP.

Progress report on the implementation of the second tranche of the TPMP

3. Following the approval of the second tranche of the TPMP, the ODS legislation was revised and an electronic licensing system was developed and implemented; a total of 236 customs officers have been trained and ODS identification kits have been provided; training programmes for 520 refrigeration technicians and 120 MAC technicians have been completed; and equipment for training purposes was distributed. Workshops on the use of non-CFC refrigerants including hydrocarbon-based refrigerants were conducted with the participation of over 250 technicians. The incentive programme for conversion of CFC-based systems is under current implementation. In regard to the refrigerant recovery/recycling scheme, it is reported that, 2.7 ODP tonnes of CFC-12 were recovered and 0.8 ODP tonnes were recycled in 2009. Several workshops on the transition from CFC-based metered dose inhalers (MDIs) to alternatives were conducted with the participation of several stakeholders.

4. The audit report stated that, according to cross-checked information, the total CFC consumption in Kyrgyzstan was 4.9 tonnes in 2008 and 2.7 tonnes in 2009.

5. As of December 2009, of the US \$464,700 approved so far, US \$448,652 had been disbursed or committed. The balance of US \$16,048 will be disbursed during 2010.

Plan of action for the third tranche of the TPMP

6. The Government of Kyrgyzstan commits to implementing the following activities under the third work programme of the TPMP: provide training for an additional 40 customs officers; continue to improve controls on ODS and better enforcement of ODS legislation; support the national refrigeration association; and provide technical assistance for CFC phase-out in the MAC and refrigeration servicing sectors through recovery and recycling, better service practices and a diagnosis of breakdowns. The programme to introduce non-CFC refrigerants in the country will also continue and monitoring of the activities included in the TPMP.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The 2008 CFC consumption reported by the Government of Kyrgyzstan under Article 7 of the Montreal Protocol of 5.0 ODP tonnes was already 6.0 ODP tonnes below that of 10.9 ODP tonnes allowed for that year. CFC consumption in 2009 has been estimated at 2.7 ODP tonnes. In December 2009, the Government of Kyrgyzstan issued an official communication banning imports of CFCs and CFC-based equipment as of 1 January 2010. With regard to ODS legislation, UNEP indicated that in 2008 HCFCs were included into the licensing system. However, quotas for HCFC have not yet been introduced.

8. Currently, CFC-12 is the second cheapest refrigerant (after HCFC-22) available in Kyrgyzstan. Therefore, introduction of non-CFC refrigerants is not a viable and sustainable option because, as stated in the audit report, only relatively high prices of CFC-12 would start motivating end-users to switch over to non-CFC alternatives. Under these circumstances, an explanation was sought for the major reduction in CFC consumption. UNEP indicated that reductions had been achieved through enforcement of the licensing system, in which the training of customs officers had been instrumental. The incentive programme for end-users, the recovery and recycling network and the training of refrigeration technicians had also helped to decrease the demand for CFC-12. However, illegal trade in non-refillable CFC cylinders had affected the availability and cost of CFCs on the local market. The Ozone Unit is addressing this issue with neighbouring countries. At the moment, the CFC-12 stockpile amounts to 5.9 ODP tonnes and between 0.5 to 0.8 ODP tonnes of CFC-12 are being recovered. It is expected that the stockpiled CFC will be used up to 2015, at which point demand is anticipated to be zero.

9. Upon a request for additional information on the recovery and recycling programme, UNEP reported that three recovery/recycling centres had been established in the country. Although the machines could handle HCFC-22 with some adjustments, this refrigerant is not currently recovered, as the price of virgin HCFCs is very low. Furthermore, technicians are not willing to spend the time and money required to adapt the machines.

10. The Secretariat reviewed the activities proposed in the final tranche of the TPMP in the light of the current situation of the refrigeration servicing sector in the country, where no more consumption of CFC is allowed. It also took into account the activities implemented so far, including training programmes for customs officers and refrigeration technicians; assistance provided to develop, review and update ODS regulations; the recovery and recycling scheme in operation; and the funding approved at the 55th, 57th and 58th meetings for the preparation of the HPMP. Based on the above observations, the Secretariat suggested that UNEP and UNDP examine the merits of focusing the final tranche of the TPMP on specific activities that will sustain zero consumption of CFCs and facilitate the phase-out of HCFCs. UNEP reported that the activities proposed in the last tranche of the TPMP are essential for phasing out CFC consumption and for maintaining zero consumption after 2010.

RECOMMENDATION

11. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the second tranche of the terminal phase-out management plan (TPMP) in Kyrgyzstan;
- (b) Approves the 2010 annual implementation programme associated with the third tranche; and
- (c) Requests the Government of Kyrgyzstan, with the assistance of UNEP and UNDP, to

submit a progress report on the implementation of the work programme associated with the third and final tranche of the TPMP no later than the 63rd Meeting of the Executive Committee.

12. The Secretariat further recommends blanket approval of the 2010 plan associated with the third and final tranche of the TPMP for Kyrgyzstan, with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal CFC phase-out management plan (third tranche)	25,300	3,289	UNEP
(b)	Terminal CFC phase-out management plan (third tranche)	60,000	4,500	UNDP
