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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: THAILAND

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

Phase-out

- National CFC phase-out plan: 2010 - 2012 annual implementation plan World Bank

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Thailand

(I) PROJECT TITLE	AGENCY
ODS phase out plan	IBRD

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 190.3	CTC: 0	Halons: 0	MB: 106.7	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					190.3								190.3
CTC													0
Halons													0
Methyl Bromide									327.4	106.7			434.1
Others													0
TCA								4.2					4.2

(IV) PROJECT DATA			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC		6,082.1	6,082.1	6,082.1	3,041.1	3,041.1	912.3	912.3	912.3	0.	
		TCA			54.6	54.6	38.2	38.2	38.2	38.2	38.2	16.4	
		CTC					1.1	1.1	1.1	1.1	1.1	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC		3,066.	2,777.	2,291.	1,364.	1,121.	912.	704.	496.	0.	
		CTC		7.5	7.5	7.5	1.1	1.1	1.1	1.1	1.1	0.	
		TCA		34.	34.	34.	4.5	4.5	4.5	4.5	4.5	0.	
Project Costs (US\$)	IBRD	Project Costs	540,000.	5,194,380.	4,011,846.	1,315,400.	1,330,400.	851,600.	550,000.	550,000.	385,000.		14,728,626.
		Support Costs	27,000.	459,494.	353,066.	118,386.	111,736.	68,644.	49,500.	49,500.	34,650.		1,271,976.
Total Funds Approved in Principle (US\$)		Project Costs	540,000.	5,194,380.	4,011,846.	1,315,400.	1,330,400.	851,600.	550,000.	550,000.	385,000.		14,728,626.
		Support Costs	27,000.	459,494.	353,066.	118,386.	111,736.	68,644.	49,500.	49,500.	34,650.		1,271,976.
Total Funds Released by the ExCom (US\$)		Project Costs	540,000.	5,194,380.	4,011,846.	1,315,400.	1,330,400.	851,600.	550,000.	550,000.	0.		14,343,626.
		Support Costs	27,000.	459,494.	353,066.	118,386.	111,736.	68,644.	49,500.	49,500.	0.		1,237,326.
Total Funds Requested for Current Year (US\$)		Project Costs										385,000.	385,000.
		Support Costs										34,650.	34,650.

(V) SECRETARIAT'S RECOMMENDATION:	FOR BLANKET APPROVAL
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PROJECT DESCRIPTION

1. On behalf of the Government of Thailand and consistent with the Agreement, the World Bank is submitting to the 60th Meeting the request for the release of the ninth tranche of funds of US \$385,000 and the associated support cost of US \$34,650. The submission consists of a report on the implementation of the 2008-2009 work programme, and the proposed work programme for 2010-2012. The World Bank has provided the verification audit of the imports of CFCs, TCA and CTC for the year 2007. The submitted documents could be made available upon request.

Background

2. At its 35th Meeting, the Executive Committee approved the Thailand national CFC phase-out plan (NPP) and agreed, in principle, a total funding of US \$14,728,626 to be disbursed between 2001-2009 for eliminating the remaining consumption of 3,066 ODP tonnes of Annex A, Group I CFCs, 34 ODP tonnes of 1,1,1-trichloroethane (TCA) and 7.52 ODP tonnes of carbon tetrachloride. Since its approval, eight tranches representing the 2001 to 2008 annual work programmes have been released to the World Bank, with a total disbursement of US \$14,343,626. In each of the annual programmes completed, the NPP successfully reduced the ODS consumption below the targets established in the Agreement. The last tranche for this NPP was approved by the Executive Committee at the 55th meeting in July 2008 for its 2008 annual plan.

Project submission

3. This ninth and final tranche being requested by the World Bank for Thailand was due at the last meeting of 2008 to cover activities for 2009. The tranche request is therefore delayed and covers funding for activities already implemented in 2009, and requests to extend the NPP to 2010-2012 to enable the country to complete remaining activities and sustain compliance. The progress report supporting this request includes information on activities completed in 2009.

4. The table below summarises the key reduction targets achieved by Thailand for 2009 under the Agreement and the corresponding funding as compared to the 2008 annual plan. The country has no more CFC reduction targets to meet for 2010 under the agreement, however activities indicated in the proposed work plan for 2010-2012 need to be completed.

Country	Thailand
Project title:	Thailand ODS Phase-Out Project National CFC Phase-Out Plan (NPP)
Year of plan	2009
# of years completed	8
# of years remaining under the plan	0
Ceiling for 2008 ODS consumption (in ODP tonnes), 2008 annual plan	704 ODP tonnes of Annex A, Group I Chemicals (CFCs) 4.5 ODP tonnes of TCA 1.13 ODP tonnes of CTC Total: 709.63 ODP tonnes
Ceiling for 2009 ODS consumption (in ODP tonnes), 2009 annual plan	496 ODP tonnes of Annex A, Group I Chemicals (CFCs) 4.5 ODP tonnes of TCA 1.13 ODP tonnes of CTC Total: 501.63 ODP tonnes

Total funding approved in principle for the CFC phase-out plan	US \$14,728,626
Total funding released as of December 2008	US \$14,343,626
Level of funding requested for 2009 Annual Plan	US \$385,000

2008 and 2009 Progress Reports

5. For the mobile air conditioning sector (MAC), the distribution of MAC basic tools, the provision of recovery and recycling machines for eligible MAC workshops and training centres continued, with the target units for distribution envisaged to be completed by mid-2010. In order to facilitate the mandatory requirement for MAC inspection, the first batch of 87 refrigerant identifiers have been purchased and distributed, while the remaining 115 units will be procured and distributed in 2010. Another 400 units are to be distributed to private inspection units, but has been delayed by legal issues with the Department of Land Transportation. This should be completed in 2010. Overall, a total of 3,699 units of equipment have been delivered under the MAC sector component, so already exceeding the target in the NPP of 3,385 units.

6. The training of technicians and customs officers continued in 2008 and 2009. Some 14 training sessions were carried out, resulting in over 1,500 trained technicians and customs officers. A MDI (metered dose inhaler) transition strategy was completed, with additional activities in the MDI sector expected for 2010.

7. Thailand also continues to implement strict policies that have contributed to their successful implementation of the NPP, which include:

- (a) Excise tax on CFCs (30 per cent of import price) imposed by the Ministry of Finance;
- (b) Ban on ODS use in the manufacturing sector (2004);
- (c) Mandatory MAC inspections (2004);
- (d) Ban on imports of CFC-based MDIs (2005);
- (e) Ban on import of CFC-based refrigerators effective since May 2006.

8. The Project Management Unit (PMU) continued its operation in 2008 and 2009 and has been instrumental in ensuring that activities are completed and targets are met. During this reporting period, activities under the technical assistance component, which are led by the PMU, include the organisation of several workshops and seminars. The public awareness activities during this period focused on disseminating information on the government's policies to ban the use of CFC's and TCA in the manufacturing sector, as well as the ban of CFCs, TCA and CTC from the beginning of 2010.

9. The unspent balance of the approved funding of US \$14,343,626 based on cumulative disbursements as of December 2009 is US \$3,544,328, showing a disbursement of 75 per cent of the funding approved so far. Out of this balance, US \$2,409,612 are committed for disbursement in early to mid-2010, thereby reducing this balance to US \$1,134,716 before this tranche.

Verification

10. The results of the verification of imports of ODS in Thailand in 2007 show that the reduction targets for the year 2007 have been met, as follows:

All data in ODP Tonnes	CFCs	1,1,1 TCA	CTC	Total
Maximum allowable consumption in 2007	912	4.5	1.13	917.63
Actual imports in 2007	404.561	0	0.005	404.566

11. The progress report submitted by Thailand also included preliminary information on the consumption of ODS for 2008 and 2009, shown in the table below, which similarly demonstrates that targets have been met. The World Bank indicated that the verification of the 2008 data will be completed by May 2010.

All data in ODP Tonnes	CFCs	1,1,1 TCA	CTC	Total
2008 consumption				
Maximum allowable consumption in 2008	704	4.5	1.13	709.63
Actual imports in 2008	190.342	0	0	190.342
2009 consumption				
Maximum allowable consumption in 2009	496	4.5	1.13	501.63
Actual imports in 2009	141.128	0	0	141.128

12. The verification report also advises that about 145.910 ODP tonnes of CFCs were seized as smuggled/illegal imports during 2007. These were reported by the Customs Department and kept in storage. The data reported as actual consumption in 2007 above includes this amount.

2010-2012 Implementation plan

13. On behalf of the Government of Thailand, the World Bank also submitted a work plan that covers the period 2010-2012. A number of activities are foreseen in this three-year work plan which includes the activities remaining in early to mid-2010 that relate to training and equipment procurement. Details of the new activities envisaged have been provided including the general timetable for delivery and disbursement. This is attached as Annex I. The funds projected to be used for this new work plan include the unallocated balance from the previous tranches as well as the remaining tranche being requested to this meeting. The total funds that are being reallocated and programmed for these three years are US \$1,519,716.

14. The World Bank indicated that the proposed extension of the implementation of the Thailand NPP to 2012 is emanating from the serious concern of the Thai Government to sustain its complete CFC phase-out commitment amid an increasing flow of unwanted CFCs from overseas, as evidenced from the verification report of 2007 that indicated illegal ODS imports. To sustain the complete phase-out of CFCs, the Government of Thailand, therefore, proposes a comprehensive programme based on three pillars: (i) continued effective enforcement; (ii) strengthened commitments on the consumer side; and (iii) sustaining the infrastructure.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

15. The implementation of the NPP for Thailand has progressed well. Thailand appears to have a well functioning licensing system, and imports for CFCs, CTC and TCA have been banned from beginning of January 2010. The current consumption figures including 2008 and 2009, albeit needing verification, already show substantial reductions below their maximum allowable consumption levels in the Agreement, as well as with Montreal Protocol's consumption limits.

16. While Thailand is meeting its targets, the Secretariat noted that the figure for actual CFC imports in both the progress report and the verification report of 404.561 ODP tonnes is not consistent with the consumption figure reported under Article 7 for 2007 of 321.564 ODP tonnes. The World Bank clarified that the information reported under Article 7 for 2007 was based on data that had not been audited. The Bank also confirms that Thailand has accepted the information and data in the audit report and will officially request the Ozone Secretariat to change their reported 2007 CFC consumption based on the official verification report. Their 2007 actual CFC consumption would thus be 404.561 ODP tonnes. While this figure is higher than what is currently recorded, it is still much lower than the maximum allowable consumption for the country of 912.3 ODP tonnes.

17. The Secretariat requested a clarification with regard to the unspent balance and the further activities needed, and why the project requires an extension until 2012. In discussions with the Bank and in their written response, the Secretariat was informed that the country is cognizant that there is still some amount of CFCs available in the market, which need to be strictly monitored, therefore some re-training of the customs department and other stakeholders has become more important for 2010 and beyond in order to avoid the entry of illegal CFCs into the country, as seen in the 2007 verification report. As noted above, Thailand is proposing that the remaining years 2010-2012 will focus on three pillars, and that this proposed implementation timeframe is necessary to synchronise both the supply and demand sides in order to ensure effectiveness of the overall programme.

18. The Secretariat noted the activities listed by Thailand in the new implementation plan and observed that the remaining funds were being programmed efficiently with specific activities and costs identified. A detailed disbursement schedule for these reallocated funds for the three years has also been provided, as well as a disbursement schedule for the remaining activities in 2010.

RECOMMENDATIONS

19. The Secretariat recommends that the Executive Committee:

- (a) Notes the progress report on the implementation of the eight tranche of the national CFC phase-out plan (NPP) for Thailand during the years 2008 and 2009 and the verification report for the year 2007;

- (b) Approves the implementation plan for 2010-2012 associated with the ninth and final tranche of US \$385,000 as well as the reallocated funds of US \$1,134,716 from previous tranches;
- (c) Requests the World Bank:
 - (i) To continue preparing annual reports on activities and expenditures according to the established formats; and
 - (ii) To provide, on an annual basis, a verification of the NPP for Thailand, until verification of the 2010 consumption had been submitted.

20. The Secretariat further recommends blanket approval of the ninth and final tranche of the NPP for Thailand with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National CFC phase-out plan (ninth tranche)	385,000	34,650	World Bank

Annex I

Table 1 – Key Government Proposed Actions in 2010 - 2012

NO.	POLICY/ACTIVITY PLANNED (CY 2010-2012)	The Planned Budget for 2010-2012 Activities US\$	Implementation Timeframe
	(i). To secure continued effective enforcement of ODS phase-out related policies and regulations		
1.	Enforcing import bans of CFCs: - Training workshops for customs officials (18 events)	84,600	May 2010 – Dec 2012
2.	strengthen intelligence of the customs officers against illegal trade: - <i>Regional workshops with neighboring countries</i> (3 events)	28,000	July 2010 – July 2012
3.	Strengthened inter-departmental cooperation for effective enforcement - <i>Annual Workshops for Sharing Experiences on Policies and Regulations</i> (2 events)	14,200	Dec 2010 – Dec 2011
	(ii) strengthened commitments of stakeholders: Monitoring of MAC Monitoring of RSS	18,200 9,600	July 2010 – July 2012
4.	Refresher courses on good service practice: Regional Trainings for MAC (12 events) Regional Trainings for RSS (6 events)	56,400 28,200	May 2010 – Dec 2011
5.	Sector-specific assessment study for foam, domestic and commercial refrigeration, solvent cleaning, chillers, and aerosol sectors.	67,500	July 2010 – Dec 2011
6.	Celebration of the Complete CFC Phase-out by 2010: Celebration, Exhibition, and Awards <i>Sector Workshops for Stakeholders and Beneficiaries</i> (7 events)	29,000 24,576	September 2010 May 2010 – July 2012
7.	Continuing public relation to promote the success: Distribution of technical Booklets, CD, Posters (60,000 pcs.) Distribution of Books, Pens, T-shirts (60,000 pcs.)	70,000 70,000	May 2010 – Dec 2011 May 2010 – Dec 2011
8.	General PR: - TV, Radio, Newspaper articles (36 times)	94,000	May 2010 – Dec 2012
9.	Maintaining momentum of the Ozone Layer Protection Effort: Rental, co-sponsoring, co-organizing (10 events)	10,000	May 2010 – Dec 2012
	(iii) sustained ODS phase-out supporting infrastructure Development of a disposal plan of unwanted and unusable CFCs:	46,700	August 2010 – April 2011

	- Feasibility Study & Develop Disposal Plan		
10.	To promote the use of existing infrastructure for sustainable phase-out :		
	Directories of existing MAC	66,200	
	Directories of existing RSS	28,900	May 2010 – Dec 2010
	Directories of existing RSS	5,000	May 2010 – Dec 2010
	Summary of policies and regulations’ Pamphlets	16,600	May 2010 – Dec 2010
	Dos & Don’t Posters and booklets (10,000 pcs.)	4,700	May 2010 – Dec 2010
	ODS Import/Export Procedures (1,000 pcs.)	5,500	May 2010 – Dec 2010
	Success Story of the Completed CFC Phase-out:		May 2010 – September 2010
11.	Program for vocational colleges and remaining DSD training centers:		
	Train-the-trainer on Good Servicing Practices (6 events)	28,200	July 2010 – July 2012
	Improved training facilities with RR & RI (70 schools)	613,640	July 2010 – July 2012
12.	NOU ‘s Expenditure	100,000	May 2010 – Dec 2012
	TOTAL	1,519,716	

Table 2 – Budget and Planned Disbursement of NPP in CY 2010

Description		Total Funding (US\$)	Revised Cumulative Funding Approved as of December 2008 (US\$)	Expected Approved in CY2009 (US\$)	Cumulative Disbursement As of December 2009 (US\$)	Expected Disbursement in CY2010 (Committed) (US\$)
		(1)	(2)	(3)	(4)	(5)
1	Investment Projects Aerosols	102,960	102,960	-	-	-
2	TA for MDIs	57,200	57,200	-	49,855	-
3	CFC - Investment Projects 113	965,120	397,025	-	260,443	-
4	1,1,1 - Investment Projects TCA and CTC	181,000	181,000	-	160,022	-
5	TA for contact cleaners	23,100	-	-	-	-
6	Garment and Textile Industry	866,100	367,125	-	367,125	-
7	Investment Projects Foam	3,619,846	1,884,674	-	1,712,722	-
8	MAC Inspection Requirement	1,237,500	1,400,128	-	207,248	784,692
9	Train-the-Trainer MAC	319,000	319,000	-	202,059	-
10	Certification of MAC Service Technicians Workshops	-	131,066	-	117,143	-
11	Financial Subsidy for Purchasing MAC Servicing Equipment and Group Coordinator Fee	3,025,000	4,018,003	-	4,056,251	-
12	Financial Subsidy for R&R Purchasing MAC Machines	822,800	520,907	-	366,206	-
13	Project Management Unit	1,540,000	2,305,744	-	1,762,901	496,807
14	Custom Training	165,000	165,000	-	171,465	9,755
15	Train-the-Trainer Refrigeration	319,000	468,929	-	76,873	200,000
16	Procurement of Refrigerant Identifiers for Govt. Agencies	-	52,574	-	-	36,000
17	Certification of RSS Technicians Workshops (2007-2009)	-	50,000	-	48,795	-
18	Financial Subsidy for Purchasing RSS Equipment and Group Coordination Fee (2007-2009)	1,485,000	1,922,291	385,000	1,240,190	882,358
	TOTAL	14,728,626	14,343,626	385,000	10,799,298	2,409,612

Table 3 - Disbursement Plan for the Proposed Reallocated Funds for the Period 2010 – 2012

Description		Proposed Reallocation (US\$)	Implementation Timeframe	Expected CY2010 Disbursement (US\$)	Expected CY2011 Disbursement (US\$)	Expected CY2012 Disbursement (US\$)
1	Training workshops for customs officials	84,600	May 2010 - Dec 2012	20,000	44,600	20,000
2	Regional workshops with neighboring countries	28,000	July 2010 - July 2012	9,000	10,000	9,000
3	Annual workshop on policy and regulation enforcement experience	14,200	Dec 2010 - Dec 2011		14,200	
	Monitoring of MAC service shops	18,200	Jul 2010 - Jul 2012	5,000	8,200	5,000
	Monitoring of refrigeration service shops	9,600		2,000	4,600	3,000
4	Regional trainings for MAC (refresher courses)	56,400	May 2010 - Dec 2011	20,000	36,400	
	Regional trainings for RSS (refresher courses)	28,200		10,000	18,200	
5	Sector phase-out assessment	67,500	Jul 2010 - Dec 2011	20,000	47,500	
6	Celebration of Complete CFC Phase-out	29,000	Sep-10	29,000		
	Sector Workshops (Success/Lessons Learned)	24,576	May 2010 - July 2012	6,000	10,000	8,576
7	Production/Distribution of technical booklets, CD, posters	70,000	May 2010 - Dec 2011	30,000	40,000	
	Production/Distribution of Ozone Protection Promotional Materials	70,000		30,000	40,000	
8	Targeted TV and radio spots	94,000	May 2010 - Dec 2012	20,000	40,000	34,000
9	Participation in other environmental events	10,000	May 2010 - Dec 2012	2,000	5,000	3,000
	Feasibility Study and Development of ODS disposal Plan	46,700	August 2010 - April 2011	28,700	18,000	
10	Directories of existing MAC and RSS shops	95,100	May 2010 - Dec 2010	95,100		
	Summary of ODS Policy and Regulations	5,000	May 2010 - Dec 2010	5,000		
	Dos & Don't Posters and booklets	16,600	May 2010 - Dec 2010	16,600		

	ODS Import/Export Procedures	4,700		4,700		
	Success Story of Competed CFC Phase-out	5,500	May 2010 - Sep 2010	5,500		
11	Train-the-trainer for vocational colleges and remaining DSD centers	28,200	Jul 2010 - Jul 2012	6,200	18,000	4,000
	Improving training facilities	613,640		100,000	313,640	200,000
12	Project Management Unit	100,000	May 2010 - Dec 2012	30,000	50,000	20,000
	Total	1,519,716		494,800	718,340	306,576