



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/61/25  
9 June 2010

ORIGINAL: ENGLISH



---

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-first Meeting  
Montreal, 5-9 July 2010

**UNIDO'S WORK PROGRAMME AMENDMENTS FOR 2010**

## COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. UNIDO is requesting approval from the Executive Committee of US \$1,028,323 for the amendments of its 2010 Work Programme, plus agency support costs of US \$77,124.

2. The activities proposed in UNIDO's Work Programme Amendments are presented in Table 1 below:

Table 1: UNIDO's Work Programme Amendments

Country	Activity/Project	Amount Requested (US \$)	Amount Recommended (US \$)
<b>SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL</b>			
<b>A1. Renewal of institutional strengthening projects:</b>			
Egypt	Renewal of institutional strengthening project (Phase VIII)	228,323	114,162
Montenegro	Renewal of institutional strengthening project (Phase II)	60,000	45,000
	Subtotal for A1:	288,323	159,162
<b>A2. Project preparation for HCFC phase-out investment activities:</b>			
Egypt	Project preparation for investment projects for the phase-out of HCFCs in the manufacture of appliance foams	100,000	100,000
Indonesia	Project preparation for investment activities for the phase-out of HCFC in the solvent sector	10,000	10,000
Serbia	Project preparation for Investment activities in RAC sector	60,000	60,000
Syrian Arab Republic	Project preparation of investment activities in the foam sector	40,000	40,000
	Subtotal for A2:	210,000	210,000
<b>SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION</b>			
<b>B1. Project preparation for HPMP and HCFC investment activities:</b>			
The Democratic People's Republic of Korea	Additional funding for HPMP preparation	65,000	65,000*
The Democratic People's Republic of Korea	Preparation of investment activities for the phase-out of HCFCs in the PU Foam sector	80,000	80,000*
	Subtotal for B1:	145,000	145,000*
<b>B2. Project preparation for ODS disposal demonstration projects:</b>			
Lebanon	Project preparation for ODS disposal demonstration projects	85,000	85,000*
	Subtotal for B2:	85,000	85,000*
<b>B3. Technical assistance:</b>			
Global	Resource mobilization funding	300,000	*
	Subtotal for B3:	300,000	*
Subtotal for sections A and B:		1,028,323	599,162
Agency support costs (7.5 per cent for project preparation and institutional strengthening, and for other activities over US \$250,000, and 9 per cent for other activities under US \$250,000):		77,124	44,937
Total:		1,105,447	644,099

\*Project for individual consideration or pending

## SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

### A1. Renewal of institutional strengthening projects

- (a) Egypt (Phase VIII): US \$228,323
- (b) Montenegro (Phase II): US \$60,000

#### Project description

3. UNIDO submitted the requests for the renewal of the institutional strengthening (IS) projects for Egypt and Montenegro. The descriptions of the requests for these countries are presented in Annex I to this document.

#### Secretariat's comments

4. The Fund Secretariat reviewed the IS terminal reports and action plans submitted by UNIDO on behalf of Egypt and Montenegro in support of the renewal requests and found them to be in order and consistent with requirements. The Secretariat took into account decisions 57/36(b), 58/16, 59/47 and 60/10 in considering these IS requests, particularly decision 59/47 where the Executive Committee decided "to extend financial support for IS funding for Article 5 parties beyond 2010 and up to December 2011". In view of the above decisions, the funding recommended for these IS renewals was calculated on a pro-rata basis up to December 2011 only.

#### Secretariat's recommendations

5. The Fund Secretariat recommends blanket approval of the IS renewal requests for Egypt and Montenegro at the level of funding pro-rated up to December 2011, as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/61/25. The Executive Committee may wish to express to the Governments of these countries the comments which appear in Annex II to document UNEP/OzL.Pro/ExCom/61/25.

### A2. Project preparation for HCFC phase-out investment activities:

Egypt: Project preparation for investment projects for the phase-out of HCFCs in US \$100,000

Indonesia: Project preparation for investment activities for the phase-out of HCFC in the solvent sector: US \$10,000

Serbia: Project preparation for investment activities in RAC sector US \$60,000

Syrian Arab Republic: Project preparation of investment activities in the foam sector US \$40,000

6. UNIDO requested additional funds for the preparation of investment activities for the four countries listed above that already had approved HPMP preparation funding. In its submission, UNIDO provided basic information about the countries' 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. The information supporting each of the requests is presented in UNIDO's work programme amendments attached to this document.

#### Secretariat's comments

7. The Secretariat reviewed UNIDO's submissions in detail and sought clarification where necessary. In its review, the Secretariat found that the information submitted by UNIDO for each of the countries listed above, and the funding being sought is consistent with decision 56/16. It also notes in particular that UNIDO has consulted with other agencies for those countries where they are collaborating

in the HPMP preparation process, and that there is a clear understanding on the division of responsibilities for each agency.

### **Secretariat's recommendation**

8. The Secretariat recommends blanket approval of the requests for the preparation of investment activities for the HPMP in Egypt, Indonesia, Serbia and the Syrian Arab Republic at the level of funding indicated in Table 1 of document UNEP/OzL.Pro/ExCom/61/25.

## **SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION**

### **B1. Project preparation for HPMP and HCFC phase-out investment activities:**

The Democratic People's Republic of Korea: Additional funding for HPMP preparation US \$65,000

The Democratic People's Republic of Korea: Preparation of investment activities for the phase-out of HCFCs in the PU Foam sector US \$80,000

### **Project description**

9. UNIDO submitted two requests for project preparation related to HCFC phase-out, one for additional HPMP project preparation funds amounting to US \$65,000 and another project preparation request for the preparation of investment activities in the foam sector at the level of US \$80,000 for the Democratic Republic of Korea. The additional HPMP preparation request is in addition to a request made by UNEP as part of their work programme submission to this meeting of US \$35,000 for the same country. The country reported Article 7 data for 2007 that show HCFC consumption of 85.3 ODP tonnes. The Democratic People's Republic of Korea received US \$50,000 for HPMP project preparation for implementation by UNIDO at the 55<sup>th</sup> Meeting.

10. In supporting their request for project preparation funds for the foam sector, UNIDO indicated that the Democratic People's Republic of Korea has consumption of HCFC-141b in 2008 amounting to 117 mt (13 ODP tonnes), and the country wishes to initiate the preparation of investment activities in this sector. The survey has identified four enterprises that will be part of this preparation exercise in the country. Further details are attached as Annex III to this submission.

### **Secretariat's comments**

11. The Secretariat notes that at the 58<sup>th</sup> Meeting, the Executive Committee made a decision to collectively defer projects for the Democratic People's Republic of Korea to the 61<sup>st</sup> Meeting pending, *inter alia*, "further information from UNEP on the administrative arrangements and costs associated with transferring financial resources to the Democratic People's Republic of Korea". The submission for additional funding is in line with decision 56/16, as the Democratic People's Republic of Korea reports 2007 Article 7 data showing that the country has HCFC-22 consumption of 85.3 ODP tonnes which includes manufacturing.

12. In discussing the modalities of disbursement with UNIDO in line with the decision of the Executive Committee taken at the 58<sup>th</sup> Meeting (decision 58/25), the Secretariat was informed that for the project preparation for the HPMP, UNIDO does not need to transfer any funds directly to the country as these will all be used for technical experts, consultants and travel that will be directly disbursed through UNIDO. In the case of the project preparation funds for the investment activities, UNIDO also foresees that, at least for 2010, a similar approach would be taken where expenditures will be made through UNIDO. However, they are aware that there may be a need to hire local consultants which may involve a

transfer of funds to the country, and the Secretariat was informed that in this case they will use the same approach as UNEP with the World Food Programme (WFP) as a means for transferring financial resources to facilitate the preparation of the HPMP in the country or with UNDP if the country office is operational. Some observations made by the Secretariat on this arrangement can be found in paragraphs 22 to 24 in document UNEP/OzL.Pro/ExCom/61/24 UNEP's Work programme amendments for 2010.

### **Secretariat's recommendation**

13. The Executive Committee may wish to confirm that the proposed financial modality is acceptable, and to consider these requests in light of the information presented.

### **B2. Project preparation for ODS disposal demonstration projects:**

Lebanon: Project preparation for ODS disposal demonstration projects US \$85,000

#### **Project description**

14. On behalf of the Government of Lebanon, UNIDO submitted a request for project preparation for a pilot demonstration project for disposal of unwanted ODS in the country at the level of US \$85,000, in line with decision 59/10. According to the supporting documents submitted, the proposed preparation exercise will develop a project that includes activities related to ODS collection, transportation, storage and delivery to the destruction facility. UNIDO also indicated that the results of this demonstration project will provide the opportunity to gain experiences on destruction of ODSs which could be beneficial to other countries in the West Asia region.

15. The proposal does not specify a technology that will be demonstrated but will examine cost-effective options available to the country, and indicates that selection of the technology will include the following considerations:

- Evaluation of cost-efficiency for the shipment to destruction facility in the European Union;
- Presence of existing plants in Lebanon that could be converted or used for ODSs treatment;
- Break even point in terms of quantity of ODSs necessary to ensure sustainability to the project;
- Monitoring, inspection and verification procedures;
- Analysis of the financial operation model and the commercial viability of similar schemes;
- Confirmation of impact of regulatory and policy measures;
- Analysis of alternative funding schemes including carbon financing;
- Synergies with other environmental plans and strategies for the disposal of hazardous wastes.

16. The proposal will also explore possibilities to mobilize national sources as well as sources from international bilateral and multilateral programmes for co-financing. Special emphasis will be put on looking at climate benefits related to this activity. A description of the request is included in UNIDO's work programme attached to this document.

**Secretariat’s comments**

17. This submission is in line with decision 59/10 where UNIDO was requested to submit two additional ODS disposal demonstration projects for Africa and West Asia. This proposal will provide an opportunity to gain experience in ODS disposal for West Asia.

18. The Secretariat reviewed this project in the light of the information required in decision 58/19. In their proposal, UNIDO provided details on the elements required by this decision. The Secretariat noted that the proposal did not indicate the specific amount to be destroyed. UNIDO explained however that this will be identified during project preparation and also defined the collection scheme that will be put in place to support this demonstration project. UNIDO further advised that the project preparation exercise will allow Lebanon to look at the necessary elements related to technology, verification of the specific amounts of ODS destroyed, as well as examine the possibility of co-financing for future destruction activities once the pilot project is completed. The Secretariat notes that the amount for project preparation being requested is reasonable and consistent with earlier approvals for preparation funds for a project of this type.

**Secretariat’s recommendation**

19. The Executive Committee may wish to approve the request for project preparation of a pilot ODS disposal project in Lebanon in line with decisions 58/19 and 59/10.

**B3. Technical assistance**

Global: Resource mobilization for HCFC phase-out and climate co-benefits: US \$300,000

**Project description**

20. UNIDO submitted a request to the 57<sup>th</sup>, 58<sup>th</sup>, 59<sup>th</sup> and 60<sup>th</sup> Meetings for a technical assistance project for mobilizing resources to maximize climate benefits of HCFC phase-out, at a funding level of US \$300,000. UNIDO is resubmitting its proposal for the consideration of the 61<sup>st</sup> Meeting. It includes a concept note describing the objectives, activities, as well as expected results of this project.

21. The table below provides a breakdown of the US \$300,000 as requested by UNIDO:

International Consultants	US \$180,000
National Consultants	US \$50,000
Travel	US \$30,000
Registration fees and other administrative costs for the registration for new methodologies	US \$40,000
<b>Total</b>	<b>US \$300,000</b>

**Secretariat’s comments**

22. Decision XIX/6 paragraph 11(b) of the Nineteenth Meeting of the Parties provided guidance to the Executive Committee to give priority to, *inter alia*, “substitutes and alternatives that minimize other impacts on the environment, including on the climate, taking into account global warming potential, energy use and other relevant factors”, when looking at HCFC phase-out projects. The Executive Committee at its 54<sup>th</sup> Meeting agreed on a set of guidelines for the preparation of HPMPs and, at the 55<sup>th</sup> and 56<sup>th</sup> Meetings, approved funds for 160 countries for HPMP preparation. 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.

23. The Secretariat noted that the study proposed by UNIDO may result in two methodologies that could assist countries in examining options for co-financing of elements in their HPMP that promote ozone-climate benefits, as well as exploring possibilities of getting carbon credits for ODS destruction. The Secretariat also noted that UNIDO's proposal describes the development of methodologies for getting possible co-financing from the GEF.

**Secretariat's recommendation**

24. The Executive Committee may wish to consider the request for technical assistance for mobilizing resources to maximize climate benefits of HCFC phase-out, based on the proposal presented, and any discussions on the special funding facility that took place at the 30<sup>th</sup> OEWS.

----

**Annex I**

**INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS**

**Egypt: Renewal of institutional strengthening**

<b>Summary of the project and country profile</b>	
Implementing Agency:	UNIDO
Amounts previously approved for institutional strengthening (US \$):	
Phase I: Jun-93	263,450
Phase II: Nov-95	175,909
Phase III: Mar-99	175,000
Phase IV: Jul-01	166,330
Phase V: Jul-03	228,322
Phase VI: Mar-07	228,323
Phase VII: Nov-08	228,323
Total	1,465,657
Amount requested for renewal (Phase VIII) (US \$):	228,323
Amount recommended for approval for Phase VIII (US \$):	104,648
Agency support costs (US \$):	7,849
Total cost of institutional strengthening Phase VIII to the Multilateral Fund (US \$):	112,497
Equivalent amount of CFC phase-out due to institutional strengthening Phase VIII at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	1992
ODS consumption reported in country programme (1992) (ODP tonnes):	2,594.5
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	1,668
(b) Annex A Group II (Halons) (Average 1995-1997)	705
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	38.5
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	26
(e) Annex E (Methyl bromide) (Average 1995-1998)	238.1
Latest reported ODS consumption (2009) (ODP tonnes) as per Article 7:	
(a) Annex A Group I (CFCs)	202.7
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	0
(d) Annex B Group III (Methyl chloroform)	0
(e) Annex E (Methyl bromide)	190.2
(f) Annex C Group I (HCFCs)	396.6
Total	789.5
Year of reported country programme implementation data:	2009
Amount approved for projects (US \$):	46,795,915
Amount disbursed (as at December 2009) (US \$):	39,317,867
ODS to be phased out (ODP tonnes):	4,253.4
ODS phased out (as at December 2009) (ODP tonnes):	3,904

1. Summary of activities and funds approved by the Executive Committee:

<b>Summary of activities</b>		<b>Funds approved (US \$)</b>
(a)	Investment projects:	41,759,636
(b)	Institutional strengthening:	1,465,657
(c)	Project preparation, technical assistance, training and other non-investment projects:	3,570,622
	Total:	46,795,915



Progress report

2. The 56th Executive Committee approved funds for the renewal of institutional strengthening project, Phase VII for Egypt. The National Ozone Unit (NOU) is part of the Egyptian Environmental Affairs Agency (EEAA) and it is the focal point for Montreal Protocol activities. The programme of activities related to the Montreal Protocol forms part of Egypt's commitment to phasing out the consumption of ODSs in a controlled and cost-effective manner. There is co-ordination with the custom officials for the enforcement of the licensing system and its regulatory compliance procedures and requirements. Public awareness campaigns were carried out through lectures, radio and TV talks and announcements in newspapers. Technical policy discussions are held in the Ministry as a routine working practice. The NOU participates regularly at the Regional ODS Officers Network meetings and in the Meeting of the Parties. Egypt is in compliance with the Montreal Protocol data reporting.

Plan of action

3. The NOU is seen as the nucleus of the ODS management structure and was established as a specialized body to provide the execution and follow-up of the ODS phase-out strategy as laid down in the action plan of the country programme. The NOU has regular and direct contacts with the decision-makers in the Ministry of Environment and Climate Affairs and frequent technical policy discussions are held in the Ministry as a routine working practice. The main objectives for the next phase will be to continue implementing activities to sustain the phase-out of CFCs beyond 2010 and to initiate work to meet compliance with HCFC phase-out. The NOU will continue enforcement of the licensing system as well as implementation of public awareness programmes.

**Montenegro: Renewal of institutional strengthening**

<b>Summary of the project and country profile</b>	
Implementing Agency:	UNIDO
Amounts previously approved for institutional strengthening (US \$):	
Phase I: Mar-07	30,000
Phase I: Jul 08	60,000
Total	90,000
Amount requested for renewal (Phase II) (US \$):	60,000
Amount recommended for approval for Phase II (US \$):	45,000
Agency support costs (US \$):	3,375
Total cost of institutional strengthening Phase II to the Multilateral Fund (US \$):	48,375
Equivalent amount of CFC phase-out due to institutional strengthening Phase II at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	2007
ODS consumption reported in country programme (2007) (ODP tonnes):	0
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	104.9
(b) Annex A Group II (Halons) (Average 1995-1997)	2.3
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	1.1
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	0
(e) Annex E (Methyl bromide) (Average 1995-1998)	0
Latest reported ODS consumption (2008) (ODP tonnes) as per Article 7:	
(a) Annex A Group I (CFCs)	0.1
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	0
(d) Annex B Group III (Methyl chloroform)	0
(e) Annex E (Methyl bromide)	0
(f) Annex C Group I (HCFCs)	0.4
Total	0.5

Year of reported country programme implementation data:	2009
Amount approved for projects (US \$):	484,469
Amount disbursed (as at December 2009) (US \$):	351,865
ODS to be phased out (ODP tonnes):	5.2
ODS phased out (as at December 2009) (ODP tonnes):	3

4. Summary of activities and funds approved by the Executive Committee:

<b>Summary of activities</b>		<b>Funds approved (US \$)</b>
(a)	Investment projects:	270,295
(b)	Institutional strengthening:	90,000
(c)	Project preparation, technical assistance, training and other non-investment projects:	124,174
	Total:	484,469

Progress report

5. At its 55<sup>th</sup> Meeting, the Executive Committee approved the extension of institutional strengthening project, Phase I, for Montenegro, based on UNIDO's Work Programme. The Ozone Unit is a national focal point for ODS phase-out, established as a specialized body to provide the execution and follow-up of the ODS phase-out strategy as laid down in the action plan of the country programme. The NOU was established under Ministry of Tourism and Environment on September 2007. The Manager of the ozone unit is the focal point for the Vienna Convention and the Montreal Protocol as well as senior adviser in the Environment Protection Agency.

Plan of action

6. In Montenegro, a large-scale information programme for public awareness regarding the importance of ozone layer preservation is of utmost importance. The information campaign will include information dissemination concerning the progress of ODS phase-out, both worldwide and in Montenegro, as well as the issuance of newsletters on a regular basis and information leaflets on progress made at enterprise-level with respect to ODS phase-out. The main target group within the next 2 years will be the HCFCs end-users.



## **Annex II**

### **VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS OF INSTITUTIONAL STRENGTHENING PROJECTS SUBMITTED TO THE 61<sup>st</sup> MEETING**

#### **Egypt**

1. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Egypt and notes with appreciation that Egypt is in compliance with data reporting obligations, to both the Ozone and Fund Secretariats. The Executive Committee also notes that within the framework of the institutional strengthening project, Egypt has taken significant steps to phase out its ODS consumption. Specifically, it has implemented strategies in different sectors of ODS phase-out as well as continued with regulatory efforts through its licensing and quota system. Egypt is an active member of the regional ozone network for English-speaking Africa and supports African and Arab countries through the dissemination of numerous publications. The Executive Committee noted the ratification by Egypt of the Beijing Amendment in 2009 and is hopeful that, in the next two years, Egypt will create conditions to expedite the phase-out of ODS, including those activities required in view of the 2013 and 2015 Montreal Protocol control measures for HCFCs.

#### **Montenegro**

2. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Montenegro and notes with appreciation that Montenegro reported Article 7 data to the Ozone Secretariat indicating that the country is fully in compliance to the ODS phase-out targets. The Executive Committee also notes that within the framework of the institutional strengthening project, Montenegro has taken significant steps to phase out its ODS consumption, including the implementation of import/export permits and establishing quota system and that Montenegro is an active member of the Regional Ozone Network in Europe and Central Asia. The Executive Committee greatly supports the efforts of Montenegro and is hopeful that, in the next two years, Montenegro will continue with the implementation of its country programme with outstanding success and be able to meet the Montreal Protocol HCFC freeze in 2013.

----



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

61<sup>st</sup> Executive Committee of the  
Multilateral Fund for the Implementation  
of the Montreal Protocol

**UNIDO Work Programme**

**61<sup>th</sup> ExCom**

## UNIDO

### Work Programme - 61<sup>th</sup> ExCom (10 May 2010)

#### Introduction

The UNIDO Work Programme for the consideration of the 61<sup>th</sup> ExCom of the Multilateral Fund has been prepared following the government requests as well as based on ongoing and planned activities. The Work Programme will support the implementation of UNIDO's three year Rolling Business Plan 2010-2012.

Focus has been put on the additional investment activities to phase-out HCFCs in Article 5 countries, with a view to the forthcoming countries compliance needs in 2013 and 2015.

Institutional strengthening is requested for Montenegro (Phase III) and for the Republic of Egypt (Phase VIII).

The work programme also included preparation of ODS disposal pilot project in Lebanon, following the criteria set by ExCom Decision 58/19.

The document comprises the following sections:

#### **Section 1**

Gives in a tabulated form by project types and country a consolidated list of activities foreseen for institutional strengthening, HCFCs investment activities and ODS disposal.

Funding is requested as follows:

- Institutional strengthening US\$ 309,947 (including A.S.C.)
- HCFCs investment activities preparation: US\$ 381,625 (including 7.5% A.S.C.)
- pilot project for ODS destruction in Lebanon US\$ 91,375 (including ASC)
- Global Project on resource mobilization: US\$ 322,750 incl. 7.5 % ASC
- **Total: US\$ 1,105,697 (including A.S.C.)**

#### **Section 2**

Section 2 provides the corresponding project concepts indicating some details and funding requirements.

**Section 1**

Consolidated table giving project preparation  
and non-investment projects in all countries and sectors

Country	Type	Subs- tance	Title of Project	Requested amount USD	A.S.C USD	Total (incl ASC) USD	A.S.C . %	P. D.	Rema rks
<b>Institutional strengthening</b>									
The Republic of Egypt	INS	all	IS extension - Phase VIII	228,323	17,124	245,447	7.5	24	
Montenegro	INS	all	IS extension - Phase III	60,000	4,500	64,500	7.5	24	
			<b>Sub-total</b>	<b>288,323</b>	<b>21,624</b>	<b>309,947</b>			
<b>Project preparation for HCFC phase-out investment and demonstration</b>									
DPR Korea	PRP	HCFC	Additional funding for HPMP preparation	65,000	4,875	69,875	7.5	12	
DPR Korea	PRP	HCFC	Preparation of investment activities for the phase-out of HCFCs in the PU Foam sector	80,000	6,000	86,000	7.5	12	
Indonesia	PRP	HCFC	Investment activities for the phase-out of HCFCs in the solvent sector	10,000	750	10,750	7.5	12	
Serbia	PRP	HCFC	Investment activities in RAC sector	60,000	4,500	64,500	7.5	12	
Syrian Arab Republic	PRP	HCFC	Investment Activities in Foam Sector	40,000	3,000	43,000	7.5	12	
The Republic of Egypt	PRP	HCFC	investment projects for the phase-out of HCFCs in the manufacture of appliance foams	100,000	7,500	107,500	7.5	12	
			<b>HCFC INV-PRP TOTAL</b>	<b>355,000</b>	<b>26,625</b>	<b>381,625</b>			
<b>Project preparation for ODS disposal demonstration projects</b>									
Lebanon	PRP	CFC11 /12	Preparation ODS disposal pilot project	85,000	6,375	91,375	7.5	12	
<b>Technical assistance for funds mobilization</b>									
Global	TAS	SEV	Funds mobilization	300,000	22,750	322,750	7.5	12	

UNIDO

Work Programme - 60<sup>th</sup> ExCom



## Section 2

Project concepts

## Project Concept

**Country:** The Republic of Egypt

**Title:** Extension of Institutional Strengthening for the implementation of Montreal Protocol in Egypt

**Project Duration:** 12 months (January 2010 - December 2012)

**Project Budget:** 245,447 (including US\$ 17,124 representing 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** Egyptian Environmental Affairs Agency / National Ozone Unit

---

## Project Summary

The project aims at **institutional strengthening and capacity building of the** Egyptian Environmental Affairs Agency / National Ozone Unit and will ensure helping the Government meet its obligations under the Montreal Protocol on the substances that deplete the Ozone Layer.

In this context, the National Ozone Office will be assisted in monitoring and identification of Ozone-depleting substances consumption and up-dating the needed national policies and regulations, with a focus on HCFCs consumption.

The NOU will monitor all the project activities as per the Country Programme, including the collection of consumption data and reporting as required, with a specific view to HCFCs phase-out schedule for the Article 5 countries.

## Project Concept

**Country:** Montenegro

**Title:** Extension of Institutional Strengthening for the implementation of Montreal Protocol in Montenegro

**Project Duration:** 18 months

**Project Budget:** 48,375 (including US\$ 3,375 representing 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** Environmental Protection Agency/ Ozone Unit

---

## Project Summary

The project aims at institutional strengthening and capacity building of the Environmental Protection Agency/ Ozone Unit and will ensure helping the Government meet its obligations under the Montreal Protocol on the substances that deplete the Ozone Layer.

In this context, the National Ozone Office will be assisted in monitoring and identification of Ozone-depleting substances consumption and up-dating the needed national policies and regulations, with a focus on HCFCs consumption.

The NOU will monitor all the project activities as per the Country Programme, including the collection of consumption data and reporting as required, with a specific view to HCFCs phase-out schedule for the Article 5 countries.

## Project concept

### Additional funding for HPMPs preparation

**Country:** Korea DPR

**Title:** Additional funding for HPMP preparation

**Project Duration:** 12 months

**Project Budget**

**Korea DPR:** US\$ 69,875 (including 7.5% Agency Support Costs of US\$ 4,875)

**Implementing Agency:** UNIDO

**Coordinating Agency:** National Ozone Unit

---

### Project Summary

In response to Decision 56/16 UNIDO is submitting a request for additional funds for the HPMP preparation in Korea DPR.

Korea DPR received US\$ 50,000 for HPMP preparation at the 55<sup>th</sup> ExCom Meeting based on the HCFC consumption reported at that time.

Since Korea DPR has revised its data reporting concerning HCFC consumption in 2007, the country is eligible for US\$ 150,000 for HPMP preparation funding in line with Ex.Com. Decision 56/16. In light of the above US\$ 65,000 excluding support cost is requested as additional HPMP preparation funding for Korea DPR.

Note: the NOU requested UNEP to be responsible for the preparation of the non-investment component of the HPMP and according to the joint agreement between UNIDO and UNEP the latter will submit its own request for additional funding in the amount of US\$ 35,000 plus support cost.

## Project Concept

**Country:** Korea DPR

**Title:** Preparation of investment activities for the phase-out of HCFCs in the PU Foam sector

**Project Duration:** 12 months

**Project Budget 1:** US\$ 86,000 (incl. 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** National Ozone Unit, NCCE

---

## Project Summary

Korea DPR 2007 and 2008 Article 7 consumption of HCFCs amounted to 85.3 and 57.7 ODP tonnes respectively.

In order to ensure that Korea DPR meets the 2013 and 2015 HCFC reduction targets urgent actions are required in all manufacturing sectors.

Based on the reported consumption, Korea DPR is eligible for additional funding for the preparation of the HCFC phase-out investment activities in the manufacturing sectors (to achieve the 2013 and 2015 control measures).

UNIDO was assigned to prepare HPMP including sector plans for the HCFC phase-out and already initiated the respective implementation activities specifically concentrating on the survey of the HCFC consumption in the foam, refrigeration manufacturing and servicing sectors.

The latest Country Programme Progress implementation Report for the year 2008 shows the following HCFC consumption (in metric Tonnes):

	Foam	Refrigeration Manufacturing	Refrigeration servicing
<b>Annex C Group I</b>	2008	2008	2008
HCFC-22	-	226.27	587.00
HCFC-141b	117.6	-	-
HCFC-142b	-	-	-
HCFC-123	-	-	-
Other	-	-	-
<b>HCFCs Total Consumption</b>	<b>117.6</b>	<b>226.27</b>	<b>587.00</b>

An assessment of the country consumption data shows that 22.5% of the total HCFC consumption in Korea DPR (including refrigeration servicing sector) is used in the foam production and for this reason, the sector strategic approach is critical in achieving the consumption reduction targets.

Sector strategy and investment project for 4 identified foam producing companies will be prepared by UNIDO in cooperation with the Governmental institutions support, to enable Korea DPR to achieve the 2013 freeze as well as 2015 reduction targets, in line with the priorities of the HPMP.

## Project Concept

**Country:** Indonesia

**Title:** Preparation of investment activities for the phase-out of HCFCs in the solvent sector

**Project Duration:** 12 months

**Project Budget:** 10,750 (including 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** Ministry of Environment

---

## Project Summary

Indonesia's 2008 consumption of HCFCs according to Article 7 report amounted to 299.9 ODP tonnes.

Indonesia is an Article 5 country with a large foam and refrigeration sectors which include all respective sub-sectors. According to preliminary results of the survey, relevant HCFCs 141b and 123 are found in the solvent sector and also in refrigeration sector as cleaning agents.

UNIDO received a government request from Indonesia to carry out stand alone projects of HCFC phase-out in the foam industry and also to initiate the preparation of HCFC phase out in the solvent sector.

HCFC Reduction Analysis for 2013/2015 compliance showed the consumption of HCFC 141b and HCFC 123 in the solvent sector in total amount of 68 MT. According to UNIDO experience from the implementation of the Plan for Terminal Phase-out of ODS in the Solvent Sector in Indonesia, HCFCs may be used for some cleaning applications in electric and electronic industries.

Phase out project in the solvent sector will contribute to meet the compliance of the country with 2013 and 2015 control targets.

## Project Concept

**Country:** Serbia

**Title:** Preparation of investment activities for the phase-out of HCFCs in Refrigeration manufacturing sector

**Project Duration:** 12 months

**Project Budget:** US\$ 64,500 (incl. 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** National Ozone Unit, Ministry of Environment and Spatial Planning

---

## Project Summary

In order to ensure that Serbia meets the 2013 and 2015 HCFC reduction targets urgent actions are required in refrigeration and air conditioning manufacturing sector.

Serbia is eligible for receiving preparatory assistance funding for the preparation of investment projects for the phase out of HCFCs in the RAC manufacturing sector (to achieve the 2013 and 2015 control measures).

The Government of Serbia requested UNIDO to submit funding requests for the preparation of sector plans for the Refrigeration manufacturing sector, which will address 2 ODP tonnes phase-out.

The UNIDO already initiated the preparation of the HPMP, while UNIDO was assigned to prepare refrigeration and air-conditioning sector investment plan for phase-out activities.

A complete survey identified manufacturing companies in commercial refrigeration and air-conditioning as given below:

Consumption of HCFC-22 in MANUFACTURING OF REFRIGERATION & AIR CONDITIONING EQUIPMENT in (kg/year)							
No.	Manufacturer	2004	2005	2006	2007	2008	2009
1.	Soko inz - Beograd	15000	15000	16000	14000	13000	11000
2.	ALFA KLIMA	1500	1800	2200	2700	2900	3300
3.	FRIGOCOMERCIALE	/	204	626	1999	230	367
4.	Klima Termgas	/	150	200	220	280	320
5.	PROENERGY	/	/	/	15	20	20
6.	DELTA ELETRONIC	/	/	/	/	140	140
7.	FRIGO HLADJENJE	/	/	/	/	/	136
8.	ECO FRIGO	450	500	350	300	300	250
9.	FILTER FRIGO	4273	4876	3980	3754	4128	2644
10.	FLORIDA	80	70	60	50	40	30
11.	MASTER FRIGO	1.000	1000	1200	1200	1000	1400



12.	V M J KOMERC	180	220	310	400	560	690
13.	DOO FREON	250	250	900	1000	1100	1250
14.	MPG-KGH	400	500	300	350	400	350
15.	EkoElektrfrigo*	/	1855	1855	2.200	600	2800
16.	Termofriz*	/	/	/	/	/	/
17.	Termovent-Komerc*	/	/	/	/	/	980
18.	MIP-Procesna oprema*	/	/	/	/	/	/
19.	Feniks BB*	/	/	/	/	/	/
20.	Euro Heat*	/	/	/	/	/	/
21.	Termoenergetika*	/	/	/	/	/	/
22.	Valjaonica-Femod*	/	/	/	/	/	/

\* refrigeration components manufacturing companies

The selection of the companies to be addressed through the investment plan for the phase-out of 2 ODP tonnes from the above mentioned sector, will be done by the NOU, Refrigeration Association and national experts involved in collecting the additional technical information, based on the ExCom Decisions eligibility criteria and the interest of the counterparts.

HPMP and its investment component in refrigeration manufacturing sector will enable Serbia to achieve the 2013 freeze as well as 2015 and 2020 reduction targets.

### Project Concept

**Country:** The Republic of Syrian Arab Republic

**Title:** Preparation of investment projects for the phase-out of HCFCs in the manufacture of appliance foams

**Project Duration:** 12 months

**Project Budget 1:** 43,000 (including 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** National Ozone Unit, Ministry of State for Environmental Affairs

---

### Project Summary

The Executive Committee of the Multilateral Fund at its 55th Meeting approved US\$ 60,000 funding for the preparation of the HPMP for Syria. Syria reported HCFCs consumption for the year 2008 was 977.00 MT HCFC 22 and 371.25 MT HCFC 141b.

Syrian Arab Republic is therefore eligible for receiving additional preparatory funding for the preparation of investment projects for the phase out of HCFCs in the foam manufacturing sector. Syria has not yet received funds for the preparation of foam investment projects for the HCFC phase out.

The consumption of HCFCs in the Foam Sector in Syria is due to conversion from earlier CFC-based technology, or establishment of HCFC-based production capacity directly. The predominant HCFC is HCFC-141b, which is used as a blowing agent in rigid polyurethane foam production. HCFCs were introduced in the late 1990s, but initially brought into the country as a component through pre-blended polyols. Standalone imports of HCFC-141b commenced from 2004. The historical HCFC consumption in the Foams Sector is shown below:

Table-3: HCFC Consumption in the Foam Sector (2003-2008)

Parameter	2003	2004	2005	2006	2007	2008
HCFC-141b (metric tonnes)	30	40	110	100	120	233.6

In the Foams Sector, the consumption of HCFCs (HCFC-141b) is concentrated in the production of rigid polyurethane foam.

The highest trend of increasing consumption is in the production of sandwich foam panels.

Funding will be used to prepare investment activities addressing the foam part. The survey identifies 10 companies in foam sector.

Sector	Sub-sector	Estimated number of enterprises
MANUFACTURING		
Foams	Rigid Polyurethane Foam	10
Refrigeration and Air Conditioning	Window/Split Air Conditioners	2
	Central Air Conditioning Chillers	4
	Domestic Refrigeration	25
	Commercial Refrigeration	100
	Industrial Refrigeration	30
SERVICING		
Refrigeration and Air Conditioning	All	Over 1,000

An investment plan will be prepared to ensure that Syrian Arab Republic achieves the 2013 and 2015 reduction targets in line with the priorities being established under the HPMP.

## Project Concept

**Country:** The Republic of Egypt

**Title:** Preparation of investment projects for the phase-out of HCFCs in the manufacture of appliance foams

**Project Duration:** 12 months

**Project Budget 1:** 107,500 (including 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

**Coordinating Agency:** Egyptian Environmental Affairs Agency  
- National Ozone Unit

---

## Project Summary

Egypt's reported HCFCs consumption for the year 2008 was 352.4 ODP tonnes including consumption of HCFC-22, HCFC-141b, HCFC-142b and HCFC-123. Egypt is therefore eligible for receiving up to US\$ 250,000 for the preparation of investment projects for the phase out of HCFCs in the manufacturing sector. Egypt has not yet received funds for the preparation of investment projects for the HCFC phase out.

The survey on the use of HCFC in the country confirms that the HCFC consumption in the manufacturing sectors is for the production of HCFC based equipment in the AC, commercial and domestic refrigeration sectors and various foam applications.

Funding will be used to prepare investment activities addressing the foam part in the manufacture of refrigeration, i.e. Appliance foam, which is in line with the HPMP under development. The survey identifies 10 companies consuming around 370 MT of HCFC-141b for the manufacture of panels used in refrigeration products. An investment project will be prepared to ensure that Egypt achieves the 2013 and 2015 reduction targets in line with the priorities being established under the HPMP.

## **Project Concept**

**Country:** Lebanon

**Title:** Preparation ODS disposal pilot project

**Project Duration:** 12 months

**Project Budget:** US\$ 86,000

**Implementing Agency:** UNIDO

**Coordinating Agency:** Ministry of Environment - National Ozone Unit

---

## **Project Background**

Following Decision XX/7 of the Meeting of the Parties the Executive Committee decided at its 58<sup>th</sup> Meeting in July 2009 (Dec. 58/19) to fund a limited number of demonstration projects for the disposal of ODSs.

The objective of this project proposal is to gain experiences on destruction of ODSs, which could be beneficial to all other countries in the West Asia region.

This paper sets out a proposal for project preparation for an ODS destruction demonstration project in Lebanon and includes information on existing stock of unwanted ODSs destroyed as well as estimation of amount of ODSs that could be easily collected to be destroyed.

### **Amount of ODSs available in Lebanon for destruction**

Basic information on the stocks of ODS will be collected through the project.

### **Legislation in place and existing experiences in the sector**

The project will study relevant legislation including those addressing the adoption of energy efficient technologies.

### **Collection scheme**

The number of recovery centers to be established should be determined.

The centralized center is expected to:

- receive cylinders of ODSs already collected in the four regional centers (see below);
- treat the end-of-life equipment;

- treat the foams received from the regional centers;
- store the store the cylinders with ODSs;
- arrange for the shipment to the destruction facility.

The center will be fully equipped for the full dismantling of the end-of-life appliances, including extraction of ODSs from the foams.

The plants for the recovery of the end-of-life electrical and electronic equipment (e.g. domestic and commercial fridges, air condition systems, chillers, washing machines) represents an advanced environmental solutions for the recovery of HCFCs and CFCs which are both substances that deplete the ozone layer and greenhouses gases with a negative impact on climate. The treatment of the end-of-life electrical and electronic equipment provides also the opportunity to recover other raw materials such as polyurethane, plastics, glass, ferrous metals and non-ferrous metals as aluminum and copper. In addition the recovery of those substances has a positive impact in terms of the minor quantities of generated waste.

The regional recovery centers will be in charge for the collection of ODSs in liquid and gas forms and to put them in safe and thigh cylinders in order to prevent any leakages.

The centers will be in charge of collecting the refrigerants fluids from existing appliances identified above (i.e. industrial refrigerators, cold chambers, chalets, buildings, MAC, remaining stocks). Furthermore, the centers will collect refrigeration fluids from domestic refrigerators as well as recovery and extract foams (from appliances and other sources) to be send to the centralized center for treatment.

The transport of the cylinder containing ODSs as well as foam and equipment to the regional centers and from them to the centralized center and to the destruction facility will be done in strict observation of the existing laws regulating the transport of liquefied compressed gases and in accordance to all the safety procedures applicable to high pressure gas cylinders.

### **Selection of destruction technology**

During the project preparation, additional information will be collected in order to select the most promising alternative for the destruction of the collected ODSs.

The selection of the technology will include the following consideration:

- Evaluation of cost-efficiency for the shipment to destruction facility in EU;
- Presence of existing plants in Lebanon that could be converted or used for ODSs treatment;
- Break even point in terms of quantity of ODSs necessary to ensure sustainability to the project;
- Monitoring, inspection and verification procedures;

- Analysis of the financial operating model and the commercial viability of similar schemes;
- Confirmation of impact of regulatory and policy measures;
- Analysis of alternative funding schemes including carbon financing (see below for more details);
- Synergies with other environmental plans and strategies for the disposal of hazardous wastes.

#### **Funds mobilization**

The demonstration project will explore possibility to mobilize national sources as well as sources from international bilateral and multilateral programmes. Special emphasis will be put on the monetization of climate benefits related to this activity.

## Project Concept

**Country:** Global

**Title:** Mobilizing additional funds through the special facility under the MLF to account for the climate co benefits of the HCFCs phase out projects and ODS Destruction Projects.

**Project Duration:** 24 months

**Project Budget:** 322,750 (including 7.5% Agency Support Costs)

**Implementing Agency:** UNIDO

---

## Project Summary

### Reference: resource mobilization funding

This proposal has reference to the resource mobilization funding that UNIDO included in its business plan.

The proposal takes into account the negotiations on the issue started in Montreal during the coordination meeting on 26-27 January 2009 and discussed at the MOP and ExCom level during the year 2009.

The main objective of the project is to define a suitable scheme for mobilizing sources for the co-financing of ODS-related projects.

The below considerations have been taken into account in developing this proposal:

- MLF has the mandate to provide funding and assistance for covering the incremental costs relating to the ODS phase out.
- MLF and IAs have a long history of successful cooperation with A5 countries conversion projects at national and enterprise level (more than 5000 projects have been implemented so far). MLF has been successful in building partnership with A5 countries and in developing a good system to deal with big number of national and individual projects in a very smooth and cost effective manner.
- MLF has been successful in achieving remarkable results in the reduction of GHG emissions as a by-product of ODSs phase out projects. However, the generation of climate benefits from additional efforts is not mandated by the MP and therefore associated costs are not covered by MLF.
- Despite none of the ODS is included in the list of the substances regulated under the Kyoto Protocol, some ODS



- have a remarkable GWP impact. Moreover, some of the most promising alternatives for the replacement of HCFCs are in the basket of the Kyoto substances (i.e. HFCs).
- Methodologies have been already approved for the emission reduction of HFC at the manufacturing level (i.e. HFC in foam).
  - GEF provides funding for projects in the thematic areas of interest, such as those relating to the UNFCCC, UNBDC and UNDDC. Projects aiming at energy saving and increase the energy efficiency are usually funded.
  - GEF operates through national Focal Points (NFP) within governments and in most cases the projects proponents or counterparts are governmental entities (Energy Ministry, Agricultural Ministry, transportation Ministry, etc).
  - GEF has limited access/experience in working with individual companies in the private sector especially if they are SMEs.
  - GEF confounding requirements made more complex for developing countries to fully benefit from the GEF. And this is more apparent when SMEs were concerned.
  - Partnership between the GEF and MLF would serve the purposes of both bodies and make use of the strength of each other specifically in the HCFCs phase out era as well as in the destruction of unwanted ODSs, taking into account the decisions of the MOP and ExCom to adopt alternatives that generate climate and environment co benefits where applicable.
  - Strategies for leveraging funds from the GWP emission reduction bodies (both compliance and voluntary markets) could be further explored.

Proposal:

To develop concepts and methodologies for additional climate benefits of HCFC phase-out projects and ODS destruction activities. The concepts are as follows.

### **1. Replacement Scheme Methodology**

To develop a methodology for a replacement scheme for old domestic and industrial appliances relying on ODSs. The early replacement would ensure environmental benefits both to the Ozone recovery and reduction of GWE. The aim would be to develop a scheme where ODS appliances past a certain cut-off age (on the basis of significantly reduced energy efficiency) could be substituted with newer, energy efficient models using non-HFC alternatives. UNIDO can leverage financing from other bodies eg. GEF, CTF or national programs to pay for the replacement portion and the related costs of transportation and collection, while the destruction of the ODS would be covered according the MLF DEMO projects. Gains could be realized through the reduction in energy bills, with the difference collected by the government over a period of time and fed back into the scheme for further co-financing of ODS destruction projects. This would ensure the continuity of the scheme and reduce further reliance on the MLF. The methodology would work out the energy efficiency gains from replacement and also the gains from reduction in energy bills.

One should consider that in most developing countries, equipment manufacturers are not required to improve the energy efficiency of their products if it means additional costs to be borne by them either due to modification of process or material costs. As savings generated due to increased energy efficiency would be usually beneficial to end-users and subsequently to developing countries governments due to reducing of required investments in power generation to meet the national growing demands.

## **2. Development of a Programmatic CDM Methodology**

UNIDO also has the intention of developing a programmatic CDM methodology that would capture sectors where there is difficulty to create impact because of the diffuse nature of the sites e.g. refrigeration sector, transportation sector and activities in small/medium enterprises.

The core characteristics of programmatic CDM project activities are that they occur as the result of a deliberate program, that is either a public sector measure (voluntary or mandatory), or a private sector initiative, the program results in a multitude of dispersed actions that are induced by the program and would not occur but for the enactment of the program, the GHG reducing actions do not necessarily occur at the same time. The program chosen could generate climate benefits through grants, soft loan schemes, or voluntary/mandatory efficiency standards for equipment or facilities

UNIDO is therefore requesting 300,000 US\$ to work out the methodology and concepts.

The idea is to avoid the very complicated and lengthy procedure relating to the calculation of Co2 emission reductions and validating of CERs. The anticipated methodology should enable both UNIDO and GEF calculate the climate co benefits in an easy and straightforward manner and agree on the contribution to the special facility.

The concepts and methodologies to be developed could be then used as model for replication with other similar activities and projects.

The developed methodologies will be applied in two of UNIDO projects, one HCFCs phase out project and one ODS management and destruction project.

### **Cost breakdown (in US\$):**

- International Consultants	180,000
- National Consultants	50,000
- Travel	30,000
- Registration fees and other administrative costs for the registration for new methodologies	40,000
<b>Total</b>	<b>300,000</b>