



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/61/45
7 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

PROJECT PROPOSAL: SAUDI ARABIA

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

Phase-out

- National ODS phase-out plan (second tranche)

UNIDO and UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Saudi Arabia

(I) PROJECT TITLE	AGENCY
ODS phase out plan	UNEP, UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2009
CFC: 190	CTC: 1.9	Halons: 50	MB: 45	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2009			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC				30.	160.								190
CTC						1.9							1.9
Halons			50.										50
Methyl Bromide										6.	51.		57
Others													0
TCA						0.							0

(IV) PROJECT DATA			2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	269.8	269.8	269.8	0.	
		CTC	38.9	38.9	38.9	0.	
		HAL	532.	532.	532.	0.	
		TCA	20.9	20.9	20.9	8.9	
Maximum Allowable Consumption (ODP Tonnes)		HAL	532.	532.	532.	0.	
		CTC	0.	0.	0.	0.	
		TCA	0.	0.	0.	0.	
		CFC			250.	0.	
Project Costs (US\$)	UNEP	Project Costs	364,500.			40,500.	405,000.
		Support Costs	47,385.			5,265.	52,650.
	UNIDO	Project Costs	1,287,000.			143,000.	1,430,000.
		Support Costs	96,525.			10,725.	107,250.
Total Funds Approved in Principle (US\$)		Project Costs	1,651,500.			183,500.	1,835,000.
		Support Costs	143,910.			15,990.	159,900.
Total Funds Released by the ExCom (US\$)		Project Costs	1,651,500.			0.	1,651,500.
		Support Costs	143,910.			0.	143,910.
Total Funds Requested for Current Year (US\$)		Project Costs				183,500.	183,500.
		Support Costs				15,990.	15,990.

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

1. On behalf of the Government of Saudi Arabia, UNIDO, as the lead implementing agency, has submitted to the 61st Meeting of the Executive Committee a request for funding for the second and last tranche (2010) of the national ODS phase-out plan (NPP) at a total cost of US \$143,000 plus agency support costs of US \$10,725 for UNIDO and US \$40,500 plus agency support costs of US \$5,265 for UNEP. The submission also includes a progress report on the implementation of the NPP during the years 2008 and 2009, the implementation programme for 2010, a verification report for the year 2008 and multi-year agreement tables.

Background

2. The NPP for Saudi Arabia was approved by the Executive Committee at its 53rd Meeting to completely phase-out CFCs, halons, CTC and TCA consumption in the country by 1 January 2010. Total funding of US \$1,835,000 plus agency support costs of US \$159,900 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$1,287,000 plus agency support costs of US \$96,525 for UNIDO and US \$364,500 plus agency support costs of US \$47,385 for UNEP for the implementation of the first tranche of the NPP.

Verification

3. The agreement between the country and the Executive Committee of the Multilateral Fund sets CFC targets starting only from 2009. The report verifies the 2008 CFC consumption equal to 365 ODP tonnes and indicates, based on the quota for 2009 that is equal to 190 ODP tonnes of CFCs, that the consumption in 2009 will be lower than the maximum allowable consumption of 250 ODP tonnes. The country has already reported Article 7 data for both 2008 and 2009, and the data is consistent with the verified and indicated amounts.

4. The verification report indicates that ODS import licensing and quota system is in place and operational in the country. The ODS can be imported only by the authorized importers with the valid permit, issued by the National Ozone Unit (NOU). Each importer is allocated an annual quota, not to be exceeded. The report also shows that a ban on all imports of Annex A substances is effective from 1 January 2010.

2008 and 2009 progress report

5. The current ODS legislation will be updated along with the review and update of the legislative measures within the HPMP preparation framework. The customs training activities included a workshop for 45 master trainers, which is 15 trainers above the 30 originally planned. Customs officers training started in 2010 and 400 officers would have been trained by June 2010. The procurement of 25 refrigerant identifiers is ongoing.

6. A national refrigeration taskforce was established to review existing refrigeration curricula, update the code of practice and supervise the training programme. Training in good practices in refrigeration was organized for 25 master trainers. Recovery and recycling (R&R) equipment was procured, including 50 portable recovery machines, 40 R&R machines, 500 sets of servicing tools and 50 mobile air conditioning (MAC) R&R sets.

7. To provide technical assistance for sound and sustainable conversion in refrigeration manufacturing, production of foam, as well as use of halon, CTC, TCA and methyl bromide, a number of site visits and technical workshops were organized, the survey on methyl bromide use has started and a

draft on national procedures for halon management was prepared. A programme monitoring unit (PMU) was established within the NOU. A database for the monitoring of ODS imports and uses was developed.

8. The unspent balance of the approved funding as of 1 January 2010 is US \$862,064 equivalent to 52 per cent of the one tranche approved so far. UNEP's disbursement as of 1 January 2010 was equal to only US \$11,956 because of the incomplete administrative procedures for fund transfer to Saudi Arabia. However, the Government of Saudi Arabia decided to advance the funding to implement some of UNEP's planned activities for 2008 and 2009, to be reimbursed by UNEP in 2010 when administrative procedures were completed. UNEP advised that the reimbursement had commenced in 2010.

2010 implementation programme

9. For the year 2010, the following activities are foreseen: the enforcement of the licensing system is to be strengthened through distribution of 25 refrigerant identifiers to customs, and a further training programme for customs officers with the total target of having trained 800 officers. The consumption in the refrigeration sector is to be maintained at zero by an update of the refrigeration curricula and code of practice, additional training for 35 master trainers in good practices, and the training of 1,000 refrigeration technicians and organisation of two MAC retrofit workshops. In addition, it is planned to procure another 500 sets of servicing tools, and to distribute the procured R&R equipment to the beneficiaries. Technical assistance will continue to be provided to all ODS using sectors; this will include additional site visits for producers of foam and refrigeration equipment. It is also foreseen to hold technical workshops on halons and solvents, and to finalise draft procedures for halon use. Finally, a national survey on the use of methyl bromide will be completed and data collected will be used in preparation of a methyl bromide phase-out project.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The verification report contains information about the consumption of CFCs in the year 2008 and provides a verification for the CFC consumption on that basis. However, the consumption for halons, CTC and TCA is also included in the agreement, but the verification report lacks at this time the related information. Due to the late approval of the NPP, no targets had been foreseen for 2008, and the verification is not mandatory. The Secretariat accepted the verification and only added to the below recommendation to the Executive Committee to request a verification of CFC, halons, TCA and CTC consumption for the year 2009 covering all substances under the agreement.

11. The activities to be implemented in 2010 are significant; however, given the available funding, it appears that funds might be remaining at the end of the year for the implementation of further activities. The Secretariat recommends therefore to request an additional annual report for the 64th Meeting of the Executive Committee, including an implementation plan for all funds potentially still available at that time. This report should be accompanied by a verification report covering all substances, and detailing the status of the ODS regulation at the end of 2010, when some improvements related to HCFC might already be in place.

12. With reference to decision 60/11 (a), expressing the understanding of the Executive Committee that the Government, with assistance from relevant bilateral and implementing agencies, would also consider implementing activities to facilitate the phase-out of HCFCs, the implementation programme mentions that refrigerant identifiers will be supplied and distributed to the main ports, which will also allow an identification of HCFC based blends. The draft for the comprehensive legislation to be developed will include HCFC import/export control. The refrigeration curricula will be updated with the

latest information on alternatives to HCFC, and will also cover containment practices related to HCFC equipment.

RECOMMENDATION

13. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of the national ODS phase-out plan (NPP) in Saudi Arabia;
- (b) Takes note of verification report for the year 2008;
- (c) Approves the 2010 annual implementation programme associated with the second tranche; and
- (d) Requests the Government of Saudi Arabia, with the assistance from UNIDO and UNEP, to submit a progress report on the implementation of the work programme associated with the second and final tranche of the NPP, accompanied by a verification report for 2009 covering CFC, CTC, TCA and halon consumption, no later than the 64th Meeting of the Executive Committee.

14. The Secretariat further recommends blanket approval of the 2010 plan associated with the second and final tranche of the NPP for Saudi Arabia, 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 ODS phase-out plan (second tranche)	143,000	10,725	UNIDO
(b)	National ODS phase-out plan (second tranche)	40,500	5,265	UNEP
