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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Fifteenth Meeting
Montreal, 13-16 December 1994

UNIDO PROGRESS REPORT

This document includes:

- Comments and Recommendation of the Fund Secretariat
- UNIDO Progress Report

COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

COMMENTS

1. During the reporting period, UNIDO completed the preparation of 36 project proposals. Expenditures since the Thirteenth Meeting have increased by approximately US \$400,000 while planned commitments have increased from US \$5.6 million to US \$22.0 million.

Investment projects

2. Progress is reported in terms of the preparation of investment projects and the period of project execution which results in project commissioning and ODS phase-out. UNIDO is an executing agency itself (in general, OPS executes projects for UNDP and financial intermediaries for the World Bank).

3. During this reporting period, 36 project proposals were prepared of which 29 (representing a request of US \$30 million) are being presented to the Executive Committee for its consideration. Planned project preparation projects have been completed with budget overruns in Iran and Argentina and surpluses in Algeria and Egypt.

4. Budget surpluses appear for several completed projects. UNIDO plans to use the remaining balances to partly cover new project formulation in Algeria (US \$4,597), Cameroon (US \$9,377), Egypt (US \$5,164), India (US \$66,880), Jordan (US \$13,648), and Syria (US \$3,395) and for the reimbursements of UNIDO's expenses for project formulation in Argentina (US \$6,279) and Iran (US \$12,953).

5. Progress in ongoing project preparation project activities was reported for Kenya and Sudan, but no activities were reported for Brazil, India, and Zimbabwe. The progress report again reported the completion of project preparation activities in Cameroon, Jordan, and Syria that had been reported in the previous progress report.

6. Although no ODS phase-out was reported during the reporting period, progress in project execution was reported for all of UNIDO's investment projects. The majority of these projects were approved as recently as the Thirteenth Meeting of the Executive Committee. Short listings of companies have been cleared by governments, terms of reference have been prepared, draft contracts have been finalized, calls for bids issued, and the deadline for receipt of bids has been announced as mid-November. Contracts are expected to be awarded for all but one project by mid-December.

Technical assistance

7. Technical assistance includes institutional strengthening, country programme preparation, training and assistance in technology transfer. Institutional strengthening activities were reported in both Egypt and Syria. Progress was reported in the completion of the country programme for Romania. Little or no progress was reported for the following activities: "Joint

action with UNEP in country programme exercises", "Development of strategies for small and medium-sized enterprises", "Low-consuming country strategies", and the "Feasibility Study of Refrigerant Recovery and Recycling in India". These projects are of strategic importance to future policy actions of the Executive Committee.

Administration

8. UNIDO has received requests from Nigerian companies for the conversion of production lines in the refrigeration and foam sectors. UNIDO is requesting the Executive Committee to reallocate the US \$100,000 (which was reduced from US \$400,000) approved originally for the development of a CFC phase-out strategy to project preparation in Nigeria.

9. UNIDO is also requesting a reallocation of the tasks under the approval for Pakistan for the phase-out strategy in the refrigeration sector. Since the World Bank is developing a phase-out strategy for the refrigeration sector, UNIDO proposes to reallocate half of these funds to organize an awareness workshop in the refrigeration sector.

RECOMMENDATION

10. The Fund Secretariat recommends that the Executive Committee take note of, with appreciation, the progress report of the UNIDO.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Executive Committee of the
Multilateral Fund for the
Implementation of the Montreal Protocol

Fifteenth Meeting
Montreal, 13 - 16 December 1994

UNIDO PROGRESS REPORT

July - December 1994

This report presents UNIDO's Montreal Protocol-related activities covering the period between July 1994 and December 1994. It consists of four sections:

Section I relates to the policy adopted within the above mentioned period as well as other issues such as inter-agency cooperation, strengthening of the Montreal Protocol team and adoption of simplified in-house procedures.

Section II presents both in table form and narrative, the status of each on-going project in each country where UNIDO is active and activities that were completed during the reporting period.

Section III is a financial report on receipts, disbursements and unspent balance.

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Section I - Operational Policy and Other Issues:

a) Policy:

Since investment projects were approved at the 13th Executive Committee meeting in July 1994, priority has been given to initiating the implementation process. As such, fifteen reputable companies have been consulted regarding the execution of these projects. From the fifteen companies, eight have shown an interest to carry out project execution activities. All concerned governments have cleared the short list of companies to be invited for bidding. Terms of reference for all the projects have been prepared and draft contracts have been finalized by the UNIDO Contract Unit. Calls for bids have been sent and the application deadline has been set for 11 November 1994. It is expected that contracts will be awarded by 15 December 1994 except for the ITI Mankapur project in India for which UNIDO was requested to go through a local bank (Industrial Development Bank of India). A proposal for implementation procedures has recently been sent for comments to the Ministry of Forests and Environment of India. It is also expected that, according to a decision taken at the 13th Executive Committee meeting, incremental operating costs of six months' duration will be disbursed as soon as the contract is awarded.

Besides the implementation process, some new projects have been formulated in the refrigeration sector in Algeria, China, Iran, Syria and Vietnam and one in the halon sector in China.

The formulation of the project at Kenya Cold Storage is near completion and should be submitted at the 16th Executive Committee meeting.

b) New In-house Procedures:

In order to facilitate and speed up the whole implementation process, new simplified procedures have recently been approved. It is expected that these new procedures will result in a smoother and more rapid implementation of the projects. As a first impact, for projects approved by the Executive Committee in late July, contracts are expected to be awarded by the end of the year.

c) Strengthening UNIDO's staff:

The recruitment of two mechanical engineers and one chemical engineer is underway in order to strengthen the Montreal Protocol operations team. These recruitments have been decided in view of the large number of new projects to be implemented for 1995.

In addition, members of the team have visited converted plants in the refrigeration and foam sectors in the Slovak Republic, Germany and Austria in order to improve their competence in the formulation of relevant projects.

UNIDO's roster of experts has also been enriched by the registration of international qualified experts. Some of these experts will be requested to formulate projects for low ODS-consuming countries.

As UNIDO will very soon start implementing projects on small-scale industries, it is expected that a large number of experts will be needed as well as support from staff members in the small-scale industries and private sector branches of UNIDO. This will widen and enhance UNIDO's involvement in the Montreal Protocol-related activities.

d) Inter-agency cooperation:

i) Cooperation with UNDP:

The cooperation with the UNDP in project formulation in Sudan and Vietnam has been concretized. As a result, official requests have been received from the governments of Sudan and Vietnam. It is also worth mentioning the good spirit of cooperation with UNDP's local offices in countries where UNIDO is active.

ii) Cooperation with UNEP:

UNIDO has started to participate with UNEP in missions to low ODS-consuming countries in order to help in the formulation of a strategy in the industrial sector. It is expected that UNIDO's staff will be involved in forthcoming missions to Antigua and Barbuda, St. Kitts and Nevis, Bahamas, Pakistan and Peru.

In addition, UNIDO has participated in two regional workshops organized by UNEP in Hanoi (Vietnam) and in Manzini (Swaziland). These workshops were a good opportunity to meet ODS officers from various countries and liaise with them on various issues.

iii) Cooperation with the World Bank:

From discussions held recently, it appears that both organizations will very soon start cooperating in project formulation in Asia and Latin America.

iv) Cooperation with the U.S. EPA:

A first draft of a manual on a strategy for low ODS-consuming countries has been finalized. An up-dated version is expected very soon.

v) Bilateral cooperation

The Canadian government expressed the wish to have UNIDO start working with Canadian companies in the recovery and recycling sector. It was suggested to visit some of these companies in Toronto in December.

At the same time, France and Austria expressed their wish to cooperate with UNIDO in the implementation of CFC phase-out projects.

Section II - Project - by - Project Progress Report
covering the period from March 1994 to December 1994

Algeria:

MP/ALG/94/406

Preparatory Assistance for Elimination of CFC's in
Manufacturing of Domestic Refrigerators and Freezers at ENIEM:

- Project operationally completed

The project has been formulated for three factories belonging to ENIEM, and is being submitted to this meeting of the Executive Committee. Its characteristics are as follows:

Project Title	Project Impact	Incremental Costs Requested	Technology Chosen
Preparatory Assistance for elimination of CFC's in manufacture of domestic refrigerators and freezers at ENIEM	Phase-out of 353 tonnes of CFC-11 and 69 tonnes of CFC-12	US \$ 15,440,195	Cyclopentane as blowing agent

MP/ALG/94/409

Preparatory Assistance for Phasing-out of CFC's in the
Manufacture of Aerosols and Solvents at ENAD:

The project will be formulated by the end of the year.

Argentina

MP/ARG/94/010

Preparatory Assistance for Elimination of CFC's in
Manufacturing Foams at BANDEX S.A. and CELPACK S.A.:

All activities of these projects completed. Project operationally completed.

MP/ARG/94/410

MP/ARG/94/413

Investment projects in CFC phase-out at Bandex S.A. and Celpack S.A.:

During August 1994, all work related to preparation and internal approval of project documents for UNIDO format was carried out. In September, a UNIDO staff member undertook a mission to Argentina for discussions with counterparts on details regarding the implementation of the projects and to inform Government authorities on the agreement reached with the two companies.

In October 1994, specifications for equipment and services for the main purchase orders (Tank farm, equipment production, ventilation and safety of the factories) have been prepared. A consultant went to Argentina to clarify the specifications of equipment in order to define the local supply of some equipment.

Brazil

MP/BRA/93/095

Preparatory Assistance for Elimination of CFC's in the sector of Polymer Foams in Manufacturing of Brazil:

Apart from the project document prepared by UNIDO for METALFRIO for which the implementation was carried out by the World Bank, no further requests for further use of the budget have been formulated by the Brazilian government.

Cameroon

MP/CMR/94/018

Preparatory Assistance for Elimination of CFC's in Refrigerator Manufacturing Company at FAEM S.A.:

- All activities of the project completed
- Project operationally completed

MP/CMR/94/018

Investment project for phase-out of CFC's at FAEM S.A.:

Terms of Reference have been prepared. Companies have been invited for bidding. A UNIDO staff member and a consultant have been fielded to negotiate the implementation procedures with the counterpart.

The contract award is expected for 15 December 1994.

China

MP/CPR/93/107

Phasing out of ODS used in Tobacco Expansion in China:

The amendment to the Country programme has been finalized and will be jointly presented to this Executive Committee meeting.

MP/CPR/94/404

Preparatory Assistance for Substituting Halon used in Fire Fighting Equipment at Nanjing Fire Fighting Equipment Company:

- Project operationally completed

A project document has been formulated and is being submitted to the meeting of the Executive Committee. Summarized information concerning this project is in the following table:

Project Title	Project Impact	Incremental Costs Requested	Technology Chosen
Substitution of halons used at Nanjing Fire Fighting Equipment Company	Phase-out of 1,480 ODP-weighted tonnes of halons	US\$ 1,108,786	ABC powder, foam water

MP/CPR/994/405

Preparatory Assistance for Elimination of ODS used in the Production of Compressors for Household Refrigerators at Jiaxipera Compressor Company Ltd.:

- Project operationally completed

A project document has been formulated and is being submitted to this meeting of the Executive Committee. Its characteristics are as follows:

Project Title	Project Impact	Incremental Costs Requested	Technology Chosen
Elimination of ODS used in the production of compressors for household refrigerators at JIAXIPERA Compressor Company Ltd.	Phase-out of 120 tons of CFC-113	US\$ 3,144,000	Hydrocarbons

Egypt

MP/EGY/93/094A

Preparatory Assistance for Elimination of CFC's in Manufacturing of Foams at ADVECHEMS:

The conversion of the production line has been completed. Out of the remaining US\$ 33,321, US\$ 20,000 will be spent for the tests to be conducted on the new products by the end of November this year.

MP/EGY/93/149D

Institutional Strengthening Unit for the Montreal Protocol-related Activities:

Implementation of the project started in November 1993 and funds have been disbursed in terms of equipment, staff incentives and miscellaneous costs for the Technical Bureau for Ozone Layer Protection at the Egyptian Environmental Affairs Agency. An international consultant in database design was recruited in February for 2 w/m and, as requested by the Government, had his assignment extended in September for a further 2 w/m until the end of this year. According to the Government's request, a national expert on environmental legislation matters was recruited in September for a period of 6 w/m.

MP/EGY/94/414

Preparation of investment projects on ODS Phase-out for four Additional Refrigeration Manufactures:

The formulation of a project for six refrigerator companies has been finalized. The project document was positively appraised by W.S. ATKINS and is being submitted to this meeting of the Executive Committee.

Its characteristics are as follows:

Project Title	Project Impact	Incremental Costs Requested	Technology Chosen
ODS Phase-out at domestic refrigeration plants (ALASKA, HELWAN, IBERNA, EL-NASR, SILTAL and SUPER BOSCH)	Phase-out of 111 tonnes of CFC-11 and 46 tonnes of CFC-12	US\$ 7,504,507	Cyclopentane as a blowing agent, 134a as a refrigerant

MP/EGY/94/415

MP/EGY/94/416

MP/EGY/94/417

Investment projects in phasing-out of CFC's at KIRIAZI Household Refrigerators Manufacturing Co., ELECTROSTAR Household Refrigerator Manufacturers, DELTA Industry Co.

These projects are under implementation. The terms of reference have been prepared and the bidding procedures started. The deadline for submission of the bids is 11 November 1994. It is anticipated that contracts will be awarded by 15 December 1994.

Global

MP/GLO/94/407

Establishing a Strategy for Phase-out of ODS in Low ODS-consuming Countries:

Out of nine countries contacted, only four countries confirmed their willingness to participate in the preparation of a strategy document. FRIGO CONSULT, Denmark has agreed to contribute to the preparation of such a study and the contract will be awarded approximately end of November 1994. The receipt of the up-dated version of the "Guideline on policy strategy and technical and commercial recommendations aimed at phasing-out of CFC's" to be prepared by U.S. EPA/ICF is expected very soon.

MP/GLO/94/xxx

Joint Action with UNEP in Country Programme Exercises:

UNIDO has started to participate with UNEP in missions to low ODS-consuming countries in order to assist in the formulation of a strategy for the industrial sector. It is expected that UNIDO's staff members, together with consultants will be involved in forthcoming missions to Antigua and Barbuda, St. Kitts and Nevis, the Bahamas, Pakistan and Peru.

India

MP/IND/93/162

Project Formulation for Conversion of Electronic Cleaning Processes for CFC-113/Alcohol Blended Solvents & 1,1,1 Trichloroethane to Non-CFC Cleaning at ITI Mankapur:

The Government of India has requested UNIDO to prepare an agreement with a local bank (IDBI - Industrial Development Bank of India) for the implementation of this project. A proposal has recently been formulated by UNIDO and sent for comments to the Ministry of Forests and Environment.

TOR for subcontractual services have been prepared. The contractor, i.e. Centre for Materials Technology, India has been selected. After signing of the contract document, data to formulate four projects will be collected.

MP/IND/93/163

Feasibility Study of Refrigerant Recovery and Recycling

The feasibility study has been prepared by Mantec Consultants

PVT Ltd., India. Comments from the Ministry of Environment and Forests are awaited in order to proceed with the recruitment of an international expert to formulate four projects in the above field.

MP/IND/93/164

ODS Elimination in Unorganized Sector

UNIDO is still in the process of negotiating with the Ministry of Environment and Forests regarding the mechanism on how to assess small-scale industries. TOR for subcontractor to collect data on ODS's utilized in this sector have been prepared.

Iran

MP/IRA/94/403

Investment Project for Conversion in Domestic Refrigeration at ARJ, AZMAYESH, BAHMAN, IRAN POYA, PARS Appliances:

This project has been re-formulated so as to be able to use cyclopentane as a blowing agent. It is being submitted to this meeting of the Executive Committee. Its characteristics are as follows:

Project Title	Project Impact	Incremental Costs Requested	Technology Chosen
Elimination of ODS's used in manufacturing of domestic refrigerators at ARJ, AZMAYESH, BAHMAN, IRAN POYA, PARS APPLIANCES	Phase-out of 604 tonnes of CFC-11 and 181 tonnes of CFC-12	US\$ 10,142,285	Cyclopentane as a blowing agent 134a as a refrigerant

According to the approved project document, the implementation of Component I has started. Contracts for model re-definition (design, calculation, drafting, prototyping and prototype testing) have been awarded for AZMAYESH and PARS appliances and for ARJ, BAHMAN and Iran POUYA are in process. The models prototyped will then be examined by an international expert

for final approval. The purchase of evacuating, filling and testing equipment for HFC-134a is in process and the equipment will be delivered prior to the end of the year 1994.

Jordan

MP/JOR/93/142

Preparation of Investment Project for Phasing-out ODS in Selected Industries in the Refrigeration and Air-conditioning Sector (NRC, HAMCO and MEE):

- The project is operationally completed

MP/JOR/93/418

MP/JOR/93/419

MP/JOR/93/420

Investment projects for the Conversion in Domestic Refrigeration Companies at NRC, HAMCO and MEE:

The projects are under implementation. The terms of reference have been prepared and the bidding procedures started. The deadline for submission of the bids is 11 November 1994. It is anticipated that contracts will be awarded by 15 December 1994.

Kenya

MP/KEN/94/401

Preparatory Assistance for CFC Phase-out at Kenya Cold Storage:

A UNIDO staff member has visited the project site and a delegation from the company, together with two international consultants, recently came to UNIDO headquarters to discuss the choice of technology and the workplan for the project implementation. It is expected that the formulation of the project will be finalized by the end of November.

Nigeria

MP/NIR/94/408

Preparatory Assistance of CFC Phase-out Strategy for Refrigeration and Air Conditioning Industries & Services:

Taking into consideration the present situation in the country, as well as the fact that the country programme for phasing-out CFC's, which is needed for the strategy formulation, will be prepared by the World Bank during mid

-1995, it is suggested to proceed with the formulation of full-scale investment projects. This, however, is subject to the approval of the Executive Committee.

Pakistan

Preparation of a Phase-out Strategy of ODS in the Refrigeration Sector:

UNIDO has recently received a letter requesting that half of the funds allocated to this project be utilized to organize an awareness workshop in the refrigeration sector. Subject to the approval of the Executive Committee, UNIDO will therefore initiate the organization of such a workshop.

Romania

Preparation of a Romania Country Programme:

A joint visit to Romania was arranged by representatives of a Danish consulting firm (COWI-Consult) and UNIDO.

The meeting was attended by representatives of the Ministry of Forests and Environment, Ministry of Trade, Ministry of Industry and major companies.

A workplan and time schedule were agreed upon and data collection activities have already started.

A workshop will soon be organized for project scoping. Since priority projects have already been identified, it was also agreed to start their formulation as soon as preparatory assistance is approved by the Executive Committee.

Sudan

Preparation of Investment Projects in the Refrigeration, Aerosols and Foam Sectors:

Questionnaires have been sent to companies for completion. A mission will be fielded by the end of the year.

Preparatory Assistance for Training in the Refrigeration and Air Conditioning Sectors:

One Consultant has already been identified. Identification of other consultants is in process.

Syria

MP/SYR/93/118

Preparatory Assistance for Phase-out of CFC-11 and CFC-12 in the domestic Refrigeration Companies at AL-HAFEZ and BARADA:

- Project operationally completed

MP/SYR/93/148

Support to Strengthening the General Commission for Environmental Affairs to Implement Montreal Protocol-related Activities:

Implementation of the project started in January 1994 and a detailed work plan was submitted to UNIDO by the Ozone Layer Protection Unit established at the General Commission for Environmental Affairs. Funds have been disbursed in terms of equipment and staff incentives. One international consultant on database design is going to be recruited during November 1994 with the objective to assist in the design of a database for management of technical assistance projects manned by the Ozone Layer Protection Unit, in particular those financed by the Multilateral Fund. A national awareness workshop is also planned for the first quarter of 1995.

MP/SYR/94/412

Investment project for CFC's Phase-out at AL HAFEZ Refrigeration Factory:

The Al-Hafez project is under implementation. The terms of reference have been prepared and the bidding procedures started. The deadline for submission of the bids is 11 November 1994. It is anticipated that contracts will be awarded by 15 November 1994.

As for the project at Barada Company, it has been formulated and is being submitted to this meeting of the Executive Committee. Its characteristics are as follows:

Project Title	Project Impact	Incremental Costs Requested	Technology Chosen
Elimination of ODS used in the Manufacturing of Domestic Refrigerators at BARADA	Phase-out of 108.9 tonnes of CFC's	US\$2,448,300	141b, 134a

Zimbabwe

Preparatory Assistance for Project Formulation in CFC-Recovery and Recycling and Halon Recovery and Recycling:

A mission will be fielded by the end of the year involving a UNIDO staff member together with international experts to start the formulation of the above projects.