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

Eleventh Meeting
Bangkok, 10-12 November 1993

REQUESTS FOR BILATERAL CONTRIBUTIONS

This document consists of:

- Comments and recommendations of the Fund Secretariat
- Request from the United States of America

**REQUEST FOR BILATERAL CONTRIBUTIONS
UNITED STATES OF AMERICA**

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

COMMENTS

1. Pursuant to Article 10 of the Protocol as amended and Decision IV/18 of the Fourth Meeting of the Parties, the Executive Committee is charged with assessing bilateral requests.
2. A request was received from the Government of the United States of America (as annexed) to credit US \$735,000 in bilateral assistance against its 1994 contribution to the Fund. The assistance will be provided for the project, Halon 1211 recovery/recharge machines and training.
3. The project involves the purchase, delivery and installation of 127 halon 1211 recovery/recharge machines as part of a demonstration network operating in 11 major cities and provinces in China. A technical review will be submitted to the Secretariat.
4. UNDP is requesting the purchase of the required air compressors to use in conjunction with the recovery/recharge machines at a cost of US \$155,000. With an estimated annual savings of 200 tonnes ODP and including the cost of air compressors, the cost effectiveness for this project is US \$4.45/Kg. ODP phased-out. The project will be completed in June 1995 and a report on the demonstration network and its cost effectiveness will be included in the progress reports on the project.

RECOMMENDATIONS

5. This request complies with the bilateral contribution guidelines (UNEP/OzL.Pro/ExCom/5/16, paragraph 55) and the criteria for assessing costs as bilateral contributions (UNEP/OzL.Pro/ExCom/7/22/Rev.1, page 4). The requested amount does not exceed 20 per cent of the United States' contribution to the Fund for the year 1994.
6. It is, therefore, recommended that the United States of America Government's request should be approved and the Treasurer should credit the requested amount, US \$735,000, accordingly. It is further recommended that the Executive Committee should not fund the purchase of additional halon 1211 recycling and recovery machines in China until after it receives the results of the report generated from this project which will assess the needs for a halon recycling and recovery programme.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

14 February 1994

Dr. Omar El-Arini
Chief Officer
Multilateral Fund for the Implementation
of the Montreal Protocol

Dear Dr. El-Arini,

Attached please find a project proposal for which we are seeking final Executive Committee approval. We would like the \$735,000 requested for this project to be offset against our 1994 contribution to the Fund. Our outstanding 1993 contribution will be forthcoming shortly.

The attached bilateral project request covers costs that strictly relate to compliance with the provisions of the Protocol. The total funding level covers only incremental costs, and is well below the 20% threshold for bilateral activities which was established by the Parties. China has given approval for us to count these expenditures against our contribution, and we are coordinating this activity with UNDP.

Please feel free to call if you have any questions regarding this project proposal.

Sincerely,

A handwritten signature in dark ink, appearing to read "PSH", is written over a horizontal line.

Paul S. Horwitz
International Advisor
Stratospheric Protection Division

February 14, 1994

Article 5 Country: China

Project Title: Halon 1211 recovery/recharge machines and training

Incremental Cost: \$735,000 for 127 units includes the cost of the machines, crating for overseas shipment, shipping, and spare parts kits; estimated costs are also included for related training, follow-up technical assistance, logistical support to ensure that the machines are operational, and data collection to measure ODS reduction and learn from the operation of the machines.

Cost-effectiveness:

The one-year cost-effectiveness has been estimated at \$4.45 per kilogram (ODP weighted) based on a total project cost of \$890,000 which includes the \$155,000 that UNDP is requesting to locally procure 127 air compressors to operate the machines. One-year cost effectiveness has been calculated by dividing the total project cost by an estimated annual ODS reduction of 200 MT. Because this is a demonstration project, the actual amount of halon to be recovered is not known but is believed to be 200 MT (ODP-weighted) annually.

This activity begins a broader strategy to phase out 4,000 MT of halon 1211 annually. Ultimate cost-effectiveness of this project will be calculated based on the cost and effectiveness of the entire sectoral strategy.

Timeframe: April 1994 to June 1995

Project Description:

Sector: Halons

Technology: Establishment of a demonstration network of halon recovery/recharge machines; training on improved extinguisher maintenance and servicing procedures, halon recovery/recharge machine operation, and other conservation measures to reduce unnecessary emissions.

Specific Activities:

In response to a request from the China's Ministry of Public Security (MPS), EPA proposes to further support China's program to establish an initial demonstration network of halon 1211 recovery/recharge machines. EPA will provide 127 additional machines. With the 23 machines that were delivered for the three workshops in 1993, China will have an initial network of 150

units operating in 11 major cities and provinces (including the provinces of Liaoning, Jiangsu, Sichuan, Hainan, Fujian, Shandong, and Zhejiang, and the cities of Beijing, Shanghai, and the Guangxi Zhuang Autonomous Region). The machines will operate in factories and service shops where significant amounts of halon are still in use.

This activity builds on the cooperation with MPS and the provincial fire bureaus during the three workshops held in 1993 in Beijing, Hangzhou, and Guangzhou.

A technical review has been conducted for this project and will be submitted to the Secretariat.

Output:

Direct ODS reduction of the 127 recovery/recharge machines operating in China will reduce halon 1211 emissions by an estimated 200 MT (ODP-weighted) annually. This estimate is very imprecise because there is little experience with this technology in China and, consequently, there is a high level of uncertainty regarding the amount of halon that will actually be recovered.

The demonstration network of machines will support China's halon management efforts by reducing halon emissions during servicing of extinguishers, improving maintenance practices to reduce leakage, raising awareness of the harmful effects of halon emissions, and introducing conservation and recycling measures at the manufacturer and end-user levels.

Detailed operating data will be recorded which will be used to quantify actual emissions reductions and support planning for continued effective reduction of halon use in China.

A progress report will be prepared by the end of the project timeframe to detail the above data and any machine operational issues and provide an evaluation of this initial halon recovery effort in China. The report will also include a cost-effectiveness calculation based on actual operating experience.

Future Activities:

EPA is meeting with MPS in April to continue development and implementation of a comprehensive program to reduce demand for newly-manufactured halon and to reduce emissions from halon manufacturing and extinguisher servicing facilities.



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Paul S. Horwitz
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