



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: FSP
THE GEF TRUST FUND

Submission Date: December 4, 2009
Re-Submission: January 20, 2010

PART I: PROJECT IDENTIFICATION

GEF PROJECT ID¹: 4102 **PROJECT DURATION:** 2.5 years

GEF AGENCY PROJECT ID: UNDP: 4309;

COUNTRY(IES): Belarus, Tajikistan, Uzbekistan, Ukraine

PROJECT TITLE: Initial Implementation of Accelerated HCFC Phase Out in the CEIT Region

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNER(S): National Ozone Units (NOUs) in partner countries

GEF FOCAL AREA (S)²: Ozone Depleting Substances

GEF-4 STRATEGIC PROGRAM(S): ODS-SP1 (see preparation guidelines section on exactly what to write)

NAME OF PARENT PROGRAM/UMBRELLA PROJECT (if applicable): N/A

INDICATIVE CALENDAR*	
Milestones	Expected Dates
Work Program (for FSP)	Jan 10
CEO Endorsement/Approval	Feb 11
Agency Approval Date	Apr 11
Implementation Start	May 11
Mid-term Evaluation (if planned)	Aug 12
Project Closing Date	Nov 13

* See guidelines for definition of milestones.

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: To achieve compliance in four non-article 5 CEITs in the CIS with the accelerated Montreal Protocol HCFC phase-out requirements through stabilization and progressive reduction of HCFC consumption. This will be achieved by implementation of legislative and regulatory measures, capacity building related to refrigeration servicing and customs controls, and targeted investment with particular emphasis on controlling demand in refrigeration servicing sector and phase-out of direct consumption in manufacturing where it occurs. The framework defining national commitments for accelerated HCFC phase out will be adoption of a formal HCFC phase out strategy and action plan, which will to be finalized with inputs from this project and utilizing results from the current GEF Regional HCFC survey and phase-out strategy project. Additionally, the project will be undertaken in cooperation with the current GEF capacity building projects in CEITs, parallel Multilateral Fund projects in article 5 CEITs involving development of HPMPs, and the ECA ODS Network.

Project Components	Indicate whether Investment, TA, or TR ²	Expected Outcomes	Expected Outputs	Indicative GEF Financing ¹		Indicative Co-financing ¹		Total (\$) c = a + b
				(\$ a)	%	(\$ b)	%	
Component 1: Reducing the HCFC Servicing Demand - Regional Accelerated Phase Out Capacity Building								
1(a) Legislative and Policy Options for HCFC control and phase-out	TA	Countries provided with information resources and the necessary level of decision maker awareness to undertake national level updating of ODS legislation, regulations, licensing and reporting systems, economic instruments and	<ul style="list-style-type: none"> Russian language resource materials for use by NOUs, customs authorities and other stakeholder government agencies on the legislative and regulatory actions required for HCFC phase-out (i.e. step down quotas, bans, single use and container size restrictions, prior informed consent measures, proof of origin documentation, certification systems for technicians, and fiscal instruments to promote price equalization)along with 	200,000	100%	0 ³	0%	200,000

¹ Project ID number will be assigned initially by GEFSEC.

² Select only those focal areas from which GEF financing is requested.

³ Indicative national in-kind co-finance for Component 1 is embedded the national sub-components of Component 2. Component 1 is essentially an enabling activity providing common capacity building tools for implementation at the national level in Component 2 and as such is not readily co-financed from national contributions. Nevertheless an in-kind contribution in the activities of this component will be estimated in the PPG stage and added. Associated financing is also provided for Component 1 through the MLF support for regional network activities, and IS support provided to Russian speaking Article 5 countries which will provide core documentation inputs to Component 1 outputs.

		<p>qualification requirements necessary to ensure control of HCFC import and use consistent with phase-out obligations (inclusive of quota systems)</p>	<p>modalities of incorporating HCFC phase-out elements and HFC monitoring in their national ODS licensing mechanisms, and associated regulations</p> <ul style="list-style-type: none"> • Awareness training for national decision-makers and NOUs respecting legislative and regulatory actions required for HCFC phase-out • Regional networking between countries on implementation experience, consistency and cross border impacts related to HCFC control measures. 					
<p>1 (b) Capacity Building for Enforcement of HCFC control measures by customs and environmental/technical inspection authorities</p>	TA	<p>Russian language resource documentation and national trainers delivered for undertaking national working level training in Component 2 to equip customs and environmental/technical inspection authorities in the enforcement of HCFC control measures related to import and application of HCFCs and HCFC containing equipment</p>	<ul style="list-style-type: none"> • Preparation of Russian language training manuals and information materials, for “TOT” training and further use in follow-on national training programmes in Component 2, as well as • awareness promotion at the management level of enforcement authorities on CFC entry-point control measures, major enforcement issues involved (packaging, labeling, identification, container sizes) and collectively identify the detailed scope, trainee numbers and supporting equipment requirements for Component 2. • Establish national cadres of trainers via “TOT” training of customs and environmental authority supervisory and training staff to enforce the HCFC control measures related to import/export, distribution, and application of HCFCs and HCFC containing equipment. • Regional networking promotion between countries on implementation experience, consistency and cross border impacts related to import/export issues and related enforcement. 	200,000	100%	0 ³	0%	200,000
<p>1 (c). Capacity Building for the Refrigeration Sector Incorporation of Energy-Efficiency and GHG Reduction Elements</p>	TA	<p>User awareness tools, training modules and national trainers delivered for undertaking national working level training in Component 2 refrigeration technicians related to HCFCs and alternatives, taking Energy efficiency and GHG reductions into consideration, and enhancing the</p>	<ul style="list-style-type: none"> • Preparation of Russian language training manuals and information materials to support targeted national awareness on HCFCs and energy efficiency for leaders in the refrigeration sector (major users and service sector association representatives), NOUs and agencies responsible for certification on: (i) addressing long-term HCFC demand, and benefits of energy-efficient retrofit/replacement and the use of ‘natural’, low GHG refrigerants, (ii) identifying the scope, trainee numbers and supporting equipment requirements for national level 	400,000	100%	0 ³	0%	300,000

		sustainability of such training by embedding it in national institutions	<p>training for technicians in Component 2; (iii) strengthening of Refrigeration Associations; (iv) enhanced certification of service organizations and technicians; and (v) sustainable mechanisms for future training.</p> <ul style="list-style-type: none"> Enhanced general best-practices “TOT” training at the regional level to incorporate handling of HCFCs, promotion of ‘natural’/low GHG alternatives, energy efficiency aspects etc, with commensurate updating of national certification training curricula. 					
1(d) Support for the development of regional institutions, capacity, and cooperation	TA	<p>Regional cooperation, information exchange, and joint initiatives in areas of collective interest and concern, namely:</p> <p>i) Development of a regional network of RAC associations.</p> <p>ii) Data collection and regional planning for ODS destruction.</p> <p>iii) Development of robust Prior Informed Consent (PIC) mechanisms across the region.</p> <p>iv) Ongoing and expanded participation of non-Article 5 countries in the ECA regional network.</p>	<ul style="list-style-type: none"> Preparation of Russian language information materials on RAC technical issues, PIC, ODS destruction and other subjects of collective interest. Promotion of Information exchange mechanisms between RAC associations (i.e. web site, workshops, training/certification practice) and with major international networks and resources (i.e. IIR, AREA, ASHRA). Facilitation of regional dialogue on and plans for ODS destruction including requirements for capture and secure storage and linkages to general chemicals waste management (specifically POPs/chemicals disposal) in the region. Technical support for comprehensive PIC network for ODS import/transit/export in the region linked bilaterally with major producing countries. 	100,000	100%	0 ³	0%	100,000

Component 2: HPMP, National Level Capacity Strengthening and HCFC Phase Out Investment								
2 (a) National HPMP, National Level Capacity Building/Training, and Demonstration HCFC Phase Out Investments: Belarus	TA/ Investment	Finalized and adopted HCFC Phase out strategy and action plan, implementation of national level training for the servicing sector and customs/ enforcement authorities, and targeted phase out investment demonstrations undertaken in priority areas	<ul style="list-style-type: none"> • Formal HCFC Phase out strategy and action plan developed and endorsed. • Trained working level Customs and enforcement officials, and refrigeration technicians using resources (trainers and training materials) from Component 1 with respect to legislation, regulations, customs controls, refrigeration servicing techniques, and general best practices. • Equipment supply in support of the above training and for implementation of enhanced customs control capability. • Investment programme demonstrating HCFC phase out, and supporting updated and expanded capacity in the refrigeration servicing sector and refrigeration chemicals distribution as follows: <ul style="list-style-type: none"> i) Implementation of a foam conversion to low GWP blowing agent. (potential replacement of 30-50 T HCFC-141b/HCFC-22/HCFC142b) with cyclopentane) ii) Elimination of 10 T HCFC-141b in parts cleaning solvent applications with alternative chemical or non-chemical methods iii) Retrofit/ replacement incentive program in one or two sectors such as agricultural milk coolers and rail transport refrigeration/ A-C. iv) Updated refrigeration servicing equipment supporting HCFC/HFC/HC recovery and local distribution of bulk HCFC/HFCs in support of container import regulations 	2,000,000	33%	4,000,000	67%	6,000,000
2 (b). National HPMP, National Level Capacity Building/Training, and Demonstration HCFC Phase Out Investments:	TA/ Investment	Finalized and adopted HCFC Phase out strategy and action plan, implementation of national level training for the servicing sector and customs/	<ul style="list-style-type: none"> • Formal HCFC Phase out strategy and action plan developed and endorsed. • Trained working level Customs and enforcement officials, and refrigeration technicians using resources 	1,000,000	38%	1,600,000	62%	2,600,000

Tajikistan		enforcement authorities, and targeted phase out investment demonstrations undertaken in priority areas consistent.	<p>(trainers and training materials) from Component 1 with respect to legislation, regulations, customs controls, refrigeration servicing techniques, and general best-practices.</p> <ul style="list-style-type: none"> Investment programme demonstrating HCFC phase out and supporting updated and expanded capacity in the refrigeration servicing sector and refrigeration chemicals distribution as follows: <ul style="list-style-type: none"> i) Retrofit/ replacement incentive program in one or two sectors. ii) Updated refrigeration servicing equipment supporting HCFC/HFC/HC recovery and local distribution of bulk HCFC/HFCs in support of container import regulations 					
2 (c) National HPMP, National Level Capacity Building/Training, and Demonstration HCFC Phase Out Investments: Ukraine	TA/ Investment	Finalized and adopted HCFC Phase out strategy and action plan, implementation of national level training for the servicing sector and customs/ enforcement authorities, and targeted phase out investment demonstrations undertaken in priority areas.	<ul style="list-style-type: none"> Formal HCFC Phase out strategy and action plan developed and endorsed. Trained working level Customs and enforcement officials, and refrigeration technicians using resources (trainers and training materials) from Component 1 with respect to legislation, regulations, customs controls, refrigeration servicing techniques, and general best-practices Equipment supply in support of the above training and for implementation of enhanced customs control capability. Investment programme demonstrating HCFC phase out and supporting updated and expanded capacity in the refrigeration servicing sector and refrigeration chemicals distribution as follows: <ul style="list-style-type: none"> i) Demonstration foam conversion (potential replacement of 50 T ODS HCFC-141b with a local system house type operation based in a larger domestic refrigerator plant) ii) Investment in HCFC-141b solvent phase out (50 	2,900,000	38%	4,600,000	62%	7,500,000

			<p>ODS T/yr)</p> <p>iii) Retrofit/ replacement incentive program in one or two sectors.</p> <p>iv) Updated refrigeration servicing equipment supporting HCFC/HFC/HC recovery and local distribution of bulk HCFC/HFCs in support of container import regulations.</p>					
2 (d) National HPMP, National Level Capacity Building/Training, and Demonstration HCFC Phase Out Investments: Uzbekistan	TA/ Investment	Finalized and adopted HCFC Phase out strategy and action plan, implementation of national level training for the servicing sector and customs/enforcement authorities and targeted phase out investment demonstrations undertaken in priority areas.	<ul style="list-style-type: none"> • Formal HCFC Phase out strategy and action plan developed and endorsed. • Trained working level Customs and enforcement officials, and refrigeration technicians using resources (trainers and training materials) from Component 1 with respect to legislation, regulations, customs controls, refrigeration servicing techniques, and general best-practices. • Equipment supply in support of the above training and for implementation of enhanced customs control capability. • Investment programme demonstrating HCFC phase out and supporting updated and expanded capacity in the refrigeration servicing sector and refrigeration chemicals distribution as follows: <ul style="list-style-type: none"> i) Conversion of local assembly of split system A/C equipment from HCFC-22 (10 T ODS) ii) Pilot retrofit/replacement incentive program in one or two sectors iii) Updated refrigeration servicing equipment supporting HCFC/HFC/HC recovery and local distribution of bulk HCFC/HFCs in support of container import regulations 	1,300,000	38%	2,100,000	62%	3,400,000
Component 3: Project Management								
3 (a). Project management activities by UNDP ⁴				900,000	100 %	-	0%	900,000
Total project costs				9,000,000	42.25	12,300,000	58.75	21,300,000

¹ List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component

⁴ These costs cover the pooled project management costs applicable to Component 2 for PMU support and local consultants in each country, and contracted international consulting support which will be multi-country. No support for UNDP operations is included

² TA = Technical Assistance; TR = Targeted Research.

B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and BY NAME (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Project
Project Government Contribution	In-kind and cash	1 million
Private Sector	cash	11.3 million
Total Co-financing**		12.3 million

** The indicative level of co-financing is a conservative estimate and is recognized as being lower than GEF expectations, particularly from Government and their co-financing applicable to Component 1 and capacity building aspects of Component 2. UNDP and the participating countries will work during the PPG stage to increase the level of co-financing. During the PPG stage this issue will be addressed with each country with particular emphasis on ensuring that they understand the approval of the project will require material commitments acceptable to the GEF.

C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation (a) ⁵	Project (b)	Total c = a + b	Agency Fee
GEF financing	0	9,000,000	9,000,000	900,000
Co-financing	0	12,300,000	12,300,000	0
Total	0	21,300,000	21,300,000	900,000

D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES)¹

GEF Agency	Focal Area	Country Name/ Global	(in \$)		
			Project (a)	Agency Fee (b) ²	Total c=a+b
UNDP	Ozone Depleting Substances project	4 countries	900,000	90,000	990,000
UNDP	Ozone Depleting Substances	Belarus	2,000,000	200,000	2,200,000
UNDP	Ozone Depleting Substances	Tajikistan	1,000,000	100,000	1,100,000
UNDP	Ozone Depleting Substances	Ukraine	2,900,000	290,000	3,190,000
UNDP	Ozone Depleting Substances	Uzbekistan	1,300,000	130,000	1,430,000
UNDP	Ozone Depleting Substances (Total project management costs across all countries and regional component— See Footnote #4)	4 countries	900,000	90,000	990,000

⁵ Include project preparation fundings that were previously approved.

Total GEF Resources			9,000,000	900,000	9,900,000

¹ No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

² Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

E. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? yes no

F. IF PROJECT INCLUDES A “NON-GRANT” INSTRUMENT, RESPOND TO THE FOLLOWING QUESTIONS:

Not applicable

G. DOES PROJECT PROMOTE SOUND CHEMICAL MANAGEMENT (if applicable)? yes no

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

The Copenhagen Amendment of the Montreal Protocol originally stipulated that non-Article 5 countries need to reduce their HCFC consumption to 65% of their baseline in 2004 and now under Decision XIX/6 they must accelerate phase out in accordance with a reduction of 75% of that level in 2010, to 90% by 2015, to 5% in 2020 and finally achieve full phase out in 2030. The proposed project provides a rapid follow up to the current GEF regional HCFC project which is developing detailed survey data on HCFCs in CEITs and phase out strategies to meet these compliance targets. Overall, this project serves to sustain the initial GEF-4 work in four CEITs committed to move forward with accelerated phase out and prepare for more targeted investment action if needed, all in coordination with parallel work financed in Article 5 countries in the region undertaking under the MLF. This may include end-of-life schemes in the refrigeration sector for which separate PIFs could be developed if found feasible.

This initial work that has identified that the principle issue in achieving and sustaining compliance with accelerated HCFC phase out in the subject CIS countries is curtailment of the continued rapid growth in HCFC consumption in the region, particularly that associated with refrigeration servicing, and to start a long term process of reversing it. This requires immediate action in laying the institutional and regulatory groundwork, and formalizing national commitments and action plans entrenched in national policy, building institutional and technical capacity, and undertaking targeted investment in converting direct sources of consumption and in the refrigeration servicing and refrigerant management infrastructure. More specifically, the current initial MSP project has identified the following trends across the region as important in guiding country phase out strategies and taking action on them:

- i) Overall HCFC consumption is increasing in most if not all CIS countries (both non-Article 5 and Article 5) with the majority (>80%) of it attributable to the recent rapid growth in refrigeration servicing demand, principally for HCFC-22, created by a relatively new and expanding inventory of HCFC based (and primarily imported) equipment over the last five years;
- ii) A number of countries are already challenged in meeting their 2010 phase out obligations and most will have difficulty meeting the 2015 phase out obligations, in the absence of rapid action to control of HCFCs use and specifically the continued installation of new and mainly imported HCFC-containing equipment;
- iii) Consumption as currently reported to the Ozone Secretariat based on the import licensing systems has significant inaccuracies in most countries for a variety of country specific reasons, making the basis for compliance assessment problematic in some cases;
- iv) All countries in the region require priority support for implementation of regulatory action on control measures, improved customs control capacity, expanded coverage in licensing systems, enhanced awareness of ‘natural’ and low GHG alternatives, and strengthening of their refrigeration servicing sectors, all targeting control and management of HCFCs/HCFC containing equipment, to meet these challenges; and
- iv) Direct use in manufacturing, where it exists, accounts for a relatively small portion of HCFC consumption and tends to be widely disbursed in relatively small consumers in the foam, refrigeration and solvent sectors making it a lower overall priority in achieving and sustaining phase out compliance in the longer term; although addressing ready and economically sustainable opportunities in the near term offers an opportunity to obtain consumption reductions that will compensate for the likely continued increase in servicing demand until control measures begin to take effect.

The above observations suggest that the response required for HCFC phase out in CEITs will be somewhat different than that applied previously for Annex A and B substance phase out where the GEF's support made a major contribution. Previously, the bulk of targeted ODS consumption could be directly addressed with large scale investment in the manufacturing sector primarily in large enterprises and the result was achieved without a strong linkage to technical and regulatory capacity building. With HCFC phase out, there is less opportunity to achieve large reductions in consumption with direct manufacturing investment and a stronger linkage to capacity building in order to support refrigeration servicing and put in place the kinds of regulatory and market tools necessary to address the substantial accumulated service demand.

The proposed project will consist of two overall assistance components. Component 1 will address development of collective institutional strengthening and capacity building tools required to implement effective technical and regulatory capacity building as well as introducing 'natural'/low GHG alternatives. The component is essentially an enabling activity providing an efficient method of developing and disseminating common capacity building tools as described below in the form of documentation, and a "train the trainers" resource base for direct use in Component 2. The products will also be offered more broadly to other Russian speaking non-Article 5 countries and be coordinated with parallel MLF financed capacity building and institutional strengthening in Russian speaking Article 5 countries in the region, particularly Armenia, Georgia, Kyrgyzstan, and Moldova where UNDP is preparing HCFC Phase Out Management Plans for MLF submission. Component 2 will be nationally oriented including national level capacity building and training and initial phase out and infrastructure investment that should expand in GEF-5. Component 2 targets four GEF eligible countries who are currently implementing detailed survey and strategy outline work (Belarus, Tajikistan, Ukraine and Uzbekistan) for country specific capacity building and investment.

Component 1 (Regional Accelerated Phase Out Capacity Building) will have four sub-components: i) Legislative and Policy Options for HCFC control and phase out; ii) Capacity Building for Enforcement of HCFC control measures by customs and environmental/technical inspection authorities; iii) Capacity Building for incorporation of Energy-Efficiency and GHG reduction elements; and iv) Support for the development of regional institutions, capacity, and cooperation. It will provide common Russian language regulatory guidance, "train the trainers" opportunities related to regulatory enforcement, customs control, expanded licensing and integration of HCFC phase out with energy efficiency/GHG reduction, training materials for transfer to national level programs, and expanded country exposure within the existing ECA network. It will build on the tools and networks currently in place for some CEITs and the Article 5 countries in the CIS, and be accessible to all non-Article 5 CIS countries in the region, although direct participatory funding support will be confined to the four countries participating in Component 2.

Component 2 (HPMP, National Level Capacity Strengthening and HCFC Phase Out Investment) involves four country specific components that applies the above tools for: i) implementation of enhanced HCFC regulation/import control, enhanced licensing systems, and introduction of HFC monitoring inclusive of working enforcement level training; ii) training on strengthening of the operational refrigeration servicing sector (training, certification, RAC Association strengthening) including promotion of energy efficiency and GHG reductions during servicing; iii) provision of inputs and support for the national preparation and adoption of HCFC Phase out strategy and action plans; and iv) an investment program. The investment program in all four countries will cover: i) pilot retrofit/replacement incentive programs targeting priority high service demand sectors; and ii) strengthening of refrigeration service capacity and optimizing chemicals distribution to allow control of container size, as well as preparing end of life collection/storage capacity in preparation for future destruction. Where cost effective/economically sustainable opportunities are identified investments in direct consumption phase out will be undertaken specifically in the foam, refrigeration and solvent sectors.

The principle global environmental benefit from the project is estimated to be the amount of avoided consumption which would occur by achieving compliance as opposed to a base case of no action and continued growth in consumption. Using 2008 HCFC consumption levels as a basis⁶, GEF funds directed to critical institutional, regulatory and capacity strengthening activities as well as key direct phase out investments, will leverage an estimated

⁶ The best available validated data has been used in each case. In Belarus, this is actual survey results as opposed to the substantially understated reported consumption from licensing data. For Tajikistan, Ukraine and Uzbekistan, this is based on reported 2008 data from the national licensing systems noting that preliminary survey information suggests that Ukraine may be over reporting and Uzbekistan may be underestimated.

cumulative total 273 T ODP in HCFC phase out by 2015 and 289 T ODP if Belarus achieves 2015 compliance levels by 2012. The breakdown by country is shown below and further elaborated in Annex 1.

	Belarus	Tajikistan	Ukraine	Uzbekistan
Total 2010-2015 Phase out	6.6	20.9	243.5	0**
ODP T required for compliance	24.5*			

* Phase out with accelerated compliance by 2012

** Based on current reported data which is believed to underestimate actual consumption

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:

This project seeks to give input to the preparation and implementation of formal HCFC Phase out strategy and action plans consistent with Decision XIX/6 and which serve as direct input to the updating of existing Country Program. The formal adoption of Decision XIX/6 control measures within each country's legal and regulatory system, will give practical substance to being able to achieving and maintaining country compliance as committed to by countries through their ratification of current amendments to the Montreal Protocol. The inclusion of HFC's for consideration within national regulatory frameworks represents an anticipatory and preparatory initiative linked to potential future international control measures on these substances and to the countries current and future commitments respecting GHG control in addressing climate change.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

Following the GEF Operational Strategy for ODS, this proposal is a response to the obligations incurred by CEITs under the phase-out schedule for HCFCs of the Montreal Protocol, as amended by the Copenhagen amendment and Decision XIX/6. The proposal is in line with GEF Focal Area Strategy and Strategic Programming for GEF-4 document on Ozone (GEF/C,31/10 May 11, 2007) contains following over-arching objective:

- ❖ *For the period of GEF-4, the GEF will assist eligible countries in meeting their HCFC phase out obligations under the Montreal Protocol, and strengthening capacities and institutions in those countries that still are faced with difficulties in meeting their reporting obligations.*

The project is also consistent with GEF strategic objectives related to linkage to the Climate Change Focal area through promotion of low GWP alternatives, and preparation for potential future control measures on HFCs. Synergies with the Climate Focal Area will be considered in more detail during the PPG-phase.

Similarly it is supportive of development of a sound chemicals management generally and specifically in relation to the emerging priority of providing capacity for ODS destruction, promoting PIC, and consistent labelling in chemicals trade.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:

The project is designed such that direct investment in HCFC phase out and the infrastructure required to support sustained long term phase out (specifically in refrigerant management) is integrated with technical assistance in areas where capacity building is fundamental to making these investments effective. As a consequence, while the project remains primarily investment oriented (addressing immediate direct phase out opportunities in the manufacturing sector and provide key investments in refrigerant management infrastructure), the ratio of investment to capacity building funding proposed is higher than previous ODS phase out projects. The rationale behind this design and mix of investment and capacity building is rooted in the recognition that sustained HCFC phase out and prospects of achieving compliance in these countries will be governed more by the ability to manage the long term demand from the refrigeration servicing sector and less by rapid investment in manufacturing conversions. International experience, notably in the EU, suggests that to successfully achieve and sustain compliance with accelerated HCFC phase out requirements, a country needs to have a robust regulatory framework, particularly with respect to import/export licensing controls and user registration, as well as the trained human resources to support it and the technical operations required to manage the national bank of HCFCs that will exist well into the future. The current MSP project shows that CEITs generally and these countries in particular lack this requisite regulatory and technical capacity and will require rapid adoption of import controls (quotas) and expanded licensing systems covering HCFCs and HCFC containing products, additional capacity to enforce these

measures, and upgraded technical capacity building in the refrigeration service sector and among end users, particularly respecting consideration of low GWP/high energy efficiency alternatives where awareness is low.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The country expertise and established consultative networks involved in the successful GEF financed CFC phase out programs completed in the participating CEITs would be utilized in the implementation of this project. This will include institutional, industrial and public stakeholders. It is envisioned that the National Ozone Units or equivalents will provide a robust interface for development and adoption of HCFC phaseout strategies and action plans for the effective update of Country Programs. This parallels, or in some cases, leads, similar activity related to HPMPs by the Multilateral Fund to the Montreal Protocol in Article 5 countries in the region as they attempt to address phase out of HCFCs. A key feature of the project will be to attempt to better encompass the non-Article 5 countries in the region into the work of the Regional Network operating for Article 5 countries and current GEF capacity building in selected non-Article 5 countries, recognizing the commonality of issues and interrelationships associated with import, export and transit of HCFCs and HCFC containing equipment in the region, and the gap created by not having as broad a participation as possible.

F. DESCRIBE PROJECT-RELATED ACTIVITIES ADDRESSING THE SOUND MANAGEMENT OF CHEMICALS; OR ADDITIONAL ACTIVITIES THAT COULD BE PURSUED IF FINANCIAL SUPPORT WAS AVAILABLE (if applicable):

All activities are in direct support of addressing HCFC phase out and long term servicing needs for latent HCFC consumption, addressing a chemicals management priority for countries under the ODS umbrella. In particular, the project will pay particular attention to specific principles associated with sound chemicals management including embedding the principle of Prior Informed Consent, and universal chemical labeling in the control of ODS trade, and will directly address “end of life” ODS management.

G. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :

The many activities proposed in this project are of an enabling type, which is incremental in nature and more specifically that are additional to capacity developed for the phase out of Annex A and B substances as a direct consequence of the accelerated HCFC phase out requirements. Investment activities are likewise incremental in that they are designed to complete the transition to non-ODS chemicals that was in large measure achieved through the use of HCFC based technology. In this regard, such investments will also be qualified by ensuring that they do not duplicate investment already undertaken and meet eligibility requirements set in the framework of the Montreal Protocol in relation to eligible incremental cost, secondary conversions and cut off dates. During the PPG stage the sustainability of the project’s intervention will be addressed, including through securing the country’s commitment to implement necessary policies and to maintain to the capacity in the future built by the project.

H. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:

There is low risk associated with this project, since countries are already engaged in elaborating their HCFC phase out strategy outlines, and have a background in ODS phase out. Therefore, the will to take ownership of phase out is already in existence.

UNDP will also utilize its relationship with UNEP which has been proven during the GEF and MLF programs on CFC and Methyl Bromide phase in the past, and in the current initial regional HCFC project. All countries involved already have National Ozone Units (NOUs) or equivalent institutional arrangements established, who report annually to various convention secretariats, and incorporate the convention mandates into national legislative and regulatory frameworks. As such, due to the legal commitments of countries to the related international MEAs, long-term sustainability is better guaranteed.

I. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

The nominal overall cost effectiveness of the project based on achieving its objective of having all countries involved compliant with the 2015 accelerated HCFC phase obligations would be US\$36.6/kg ODP. This estimate will be further refined based on the PPG work and the survey based estimates of actual HCFC consumption. Recognizing that a significant need for non-investment support to make HCFC phase out feasible, this is considered a reasonable overall investment, particularly if these countries are supported sufficiently to be in a position to sustain the capacity to sustain the ability to effectively manage their long term ODS phase out obligations without long term expectations of

international assistance. Cost effectiveness for specific investment components is expected to be consistent with emerging global experience with HCFC phase out investment and will be guided by practices adopted for MLF funded projects.

J. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY (including for the use of non-grant instrument, if any):

GEF Council Document GEF/C.30/9 “Roles and Comparative Advantages of the GEF Agencies”, lists the roles of the UNDP and UNEP (as stipulated in the GEF instrument) as follows:

UNDP will play the primary role in ensuring the development and management of capacity building programs and technical assistance projects. Through its global network of field offices, UNDP will draw upon its experience in human resources development, institutional strengthening, and non-governmental and community participation to assist countries in promoting, designing and implementing activities consistent with the purpose of the GEF and national sustainable development strategies. Also drawing on its inter-country programming experience, UNDP will contribute to the development of regional and global projects within the GEF work program in cooperation with the other Implementing Agencies.

This project directly matches the above description of UNDP’s comparative advantage in that it addresses the highly interrelated need for capacity building, and practical technical assistance at both the national and regional level in addressing the HCFC issue. UNDP is currently undertaking consumption survey and HCFC phase out strategy development work in the targeted countries as well as elsewhere in the region which provides a direct knowledge base respecting the current situation. Its national field offices offer on the ground capacity to support implementation at that level while its Regional office in Bratislava provides experienced Russian speaking coordination and project management capability.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):
(Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

NAME	POSITION	MINISTRY	DATE
Mr. Apatsky	GEF OFP	Ministry of Natural Resources and Environmental Protection of Belarus	09/11/2009
Mr. Zikirov	GEF OFP	Environmental Protection Committee under the Government of Tajikistan	12/01/2009
Mr. Myagkov	GEF OFP	The State Committee for Nature Protection of Uzbekistan	09/18/2009
Mr. Trotski	GEF OFP	Ministry of Environmental Protection of Ukraine	10/01/2009

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date	Project Contact Person	Telephone	Email Address
Mr. Yannick Glemarec, Executive Coordinator, UNDP-GEF	<i>Y. Glemarec</i>	September 11, 2009	Dr. Suely Carvalho, GEF Principal Technical Advisor for POPs/Ozone UNDP/MPU/Chemicals	1-212-906.6687	suely.carvalho@undp.org

Annex I: Estimated Total Phase Out for 2015 Compliance: Belarus, Tajikistan, Ukraine,
Uzbekistan

	Belarus		Tajikistan	Ukraine	Uzbekistan**	
	2015 MP Compliance	Early (2012) Compliance	2015 MP Compliance	2015 MP Compliance	2015 MP Compliance	Early (2012) Compliance
2015 Phase Out (ODP T)	6.16	6.16	4.82	55.5	-	-
Total 2010-2015 Phase out (ODP T)	6.16	24.54	20.92	243.5	-	-
2015 Phase Out (ODS T)						
HCFC-22	84.0	84.0	87.6	827.0	-	-
HCFC-141b	14.0	14.0	-	55.5	-	-
HCFC-142b	-	-	-	42.7	-	-
Total 2010-2015 Phase out (ODS T)						
HCFC-22	84.0	334.6	380.4	3,630.7	-	-
HCFC-141b	14.0	55.8	-	287.8	-	-
HCFC-142b	-	-	-	-	-	-

** Based on current reported data which is believed to underestimate actual consumption