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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fourth Meeting
Prague, 29 November-3 December 2004

PROJECT PROPOSAL: SUDAN

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

Phase out

- National CFC/CTC phase-out plan (first tranche)

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**COUNTRY: SUDAN****PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

National CFC/CTC phase-out plan	UNIDO
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NATIONAL CO-ORDINATING AGENCY:	Ministry of Industry
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2003, AS OF 10 AUGUST 2004)**

Annex A, Group I, CFCs	216	Annex B, Group II, CTC	1.1
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2003, AS OF 10 AUGUST 2004)

ODS	Foam	Ref.	Aerosol	ODS	Solvents	Lab. Use	
CFC-11	6	0	0	CTC	0.44	0.66	
CFC-12	0	180	30				

CFC consumption remaining eligible for funding (ODP tonnes)	359.2
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CURRENT YEAR BUSINESS PLAN: Total funding US \$538,000 : total phase-out 96.2 ODP tonnes.

PROJECT DATA		2004	2005	2006	2007	2008	2009	2010	Total
CFCs (ODP tonnes)	Montreal Protocol limits	456.8	228.4	228.4	68.52	68.52	68.52	0	n.a.
	Annual consumption limit	216	200	130	65	45	25	0	n.a.
	Annual phase-out from ongoing projects	0	0	0	0	0	0	0	0
	Annual phase-out newly addressed	0	16	70	65	20	20	25	216
	Annual unfunded phase-out	-	-	-	-	-	-	-	-
CTC (ODP tonnes)	Montreal Protocol limit	n/a	0.33	0.33	0.33	0.33	0.33	0	n.a.
	Annual consumption limit	1.1	1.1	0.33	0.33	0.33	0.33	0	n.a.
	Annual phase-out from ongoing projects	0	0	0	0	0	0	0	0
	Annual phase-out newly addressed	0	0	0.77	0	0	0	0.33	1.1
	Annual unfunded phase-out	-	-	-	-	-	-	-	-
TOTAL ODS CONSUMPTION TO BE PHASED OUT		0	16	70.77	65	20	20	25.33	217.1
Total ODS consumption to be phased-in (HCFCs)		0	0	0	0	0	0	0	0
Project cost as originally submitted (US \$)		509,580	510,000	310,000	139,000	0	0	0	1,468,580
Final Project costs (US \$):									
Funding for UNIDO		479,480	220,000	150,000	150,000	140,000	0	0	1,139,480
Final Support costs (US \$)									
Support cost for UNIDO		35,961	16,500	11,250	11,250	10,500	0	0	85,461
TOTAL COST TO MULTILATERAL FUND (US \$)		551,441	236,500	161,250	161,250	150,500	0	0	1,224,941
Final project cost effectiveness (US \$/kg)									5.19*

*includes additional 2.31 ODP tonnes for retroactive funding

FUNDING REQUEST: Approval in principle of total ODS phase-out, total project funding and total support costs, and approval of funding for first tranche (2004) as indicated above.

SECRETARIAT'S RECOMMENDATION	For individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Sudan, UNIDO has submitted to the 44th Meeting of the Executive Committee a "National CFC/CTC Phase Out Plan" (NPP). The NPP will lead to the final phase-out of CFCs and CTC in the country by the year 2010 and will assist the Government of Sudan to meet its 2007 compliance targets for CFC consumption.

Background Information

2. Sudan reported consumption of Annex A controlled substances for year 2003 at 216.00 ODP tonnes of CFC, a figure already below the 2005 compliance obligation of 228.4 ODP tonnes (50% of the baseline consumption level of 456.80). The remaining CFC consumption is distributed between several sectors: Aerosol (13.9%), foam (2.8%) and refrigeration (83.3%).

3. In 2003, UNIDO intended to submit to the Executive Committee on behalf of Sudan, a small umbrella project in the refrigeration manufacturing sector, seeking retroactive funding. At that time, the Fund Secretariat indicated that this project should be part of an overall phase-out plan. Consequently, Sudan requests within this project retroactive funding for a consumption of 2.31 tonnes of CFCs in the commercial refrigeration (manufacturing) sub- sector, which has been phased out in three different enterprises between 1998 and 2003.

4. The CTC consumption is related to laboratory purposes by numerous small consumers (60%) and textile cleaning and industrial solvent (40%). UNIDO also informed the Secretariat that some use of TCA in the country has been identified, although only in negligible quantities. Both CTC as well as TCA will be phased out completely and in line with the Montreal Protocol control obligations as part of this project, without requiring additional funding.

5. So far, the Executive Committee has approved US \$72,227 for Sudan for conversion to non CFC-foam blowing (one project), US \$629,331 for conversion to CFC free aerosol use (two projects), and US \$100,000 for phase-out in domestic refrigeration (one umbrella project). In addition, an RMP consisting of three components (recovery and recycling, refrigeration technician training, support in collecting and reporting ODS import data) was funded at a level of US \$458,250, plus US \$30,000 for its preparation. The Secretariat took into account these projects while reviewing the activities proposed in the national phase-out plan.

6. Sudan acceded to the Vienna Convention and the Montreal Protocol in 1993, to the London and Copenhagen Amendments in 2002 and the Montreal and Beijing Amendments in 2004.

7. The Country Programme for the Phase out of ODS (CP) in Sudan was approved by the Executive Committee of the Multilateral Fund in 1991. An update was approved in 2000.

8. Sudan does not manufacture CFCs and in this way the difference between imports and exports correspond to the total consumption in the country; no exports have been reported. In 2001, a by-law was issued concerning import of CFCs with a number of important provisions,

including the requirement for import and export permissions for ODS and ODS containing goods against a quota, as well as severe use restrictions for ODS and requirements for handling ODS.

Eligibility

9. Sudan is a non-LVC. Its remaining eligible CFC consumption is 359.2 ODP tonnes. Sudan received funding for a Refrigerant Management Plan at the 28th Meeting; the decision of the Executive Committee that RMPs should achieve, without further requests for funding, at least the 85% reduction step in 2007 is only valid for RMPs approved after the 31st Meeting.

10. Sudan's latest reported CFC consumption (2003) is 216.00 ODP tonnes. The countries latest reported CTC consumption (2003) is 1.1 ODP tonnes. Sudan did not report any TCA consumption, although it is mentioned in the NPP that minor use exists in the country.

11. The country has asked for funding to achieve full phase out starting at these levels of consumption; the determination of incremental costs is based exclusively on the latest consumption figures.

12. Based on the above considerations, Sudan is eligible to receive support for the phase-out of its remaining CFC consumption of 216.00 ODP tonnes and CTC consumption of 1.1 ODP tonnes. In addition, Sudan is also eligible for retroactive funding of 2.31 ODP tonnes of CFCs. Sudan accepts and understands that with the approval of this phase-out plan, there will be no further eligibility for CFC, CTC or TCA phase-out activities in the country.

Content

13. The CFC/CTC NPP for Sudan consists of a manufacturing sector phase-out programme covering in total six companies in the aerosol, foam and refrigeration sectors, and of a service sector phase-out programme with a number of sub-components:

- (a) Update of policy instruments and enforcement thereof;
- (b) Enhancement of competency of existing work force; and
- (c) Upgrade of the recovery and recycling scheme.

14. The components complement and extend activities started under the previously approved RMP. UNIDO is implementing all the activities. Based on the experiences of the RMP implementation, UNIDO provided a detailed description of the situation in the country.

15. UNIDO and the Secretariat discussed in detail the history in particular of CFC consumption in the country, the extent to which refrigeration systems are existing and their service needs, infrastructure and other related issues. The intensive discussions have led to some adjustments in the planned activities, in terms of funding, schedule and content. Key aspects of the NPP are pointed out below:

- (a) The eligibility of the commercial refrigeration manufacturers and the associated funding level were adjusted based on discussions between the Secretariat and UNIDO; as a basis of similar discussions, the foam component was adjusted as

well. The aerosol component remained as submitted.

- (b) Discussions related to the service sector and its eligibility lead to an adjustment of the funding level as well. The original concept of a recovery, recycling and reclamation system was largely abandoned in favour of an increase in recovery equipment as well as skill upgrade through provision of training and equipment.

Performance targets and disbursement schedule

16. Almost all of the previous CFC phase-out projects in Sudan have been completed, with the exception of the recovery and recycling component of the RMP, where the equipment had been distributed to recycling centers and workshops, training was completed and monitoring started. Consequently there is no remaining phase-out from ongoing projects.

17. Sudan proposes performance targets which amount to a 39% reduction in total consumption as compared to the Montreal Protocol reduction schedule.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

18. Sudan, UNIDO and the Secretariat agreed on a disbursement schedule reflecting the need of the country to receive continuous and substantive support until 2010. In addition, the draft agreement and the first annual implementation programme have been discussed and agreed upon.

19. The results described in the preceding paragraphs were achieved following extensive discussion and interaction between the Secretariat, UNIDO and the Government of Sudan. Any remaining policy and eligibility issues have been resolved.

RECOMMENDATION

20. Based on above comments of the Fund Secretariat, the Executive Committee may wish to consider approving the National CFC/CTC phase-out plan for Sudan, the associated "Agreement between Sudan and the Executive Committee of the Multilateral Fund for the Phase-out of Ozone Depleting Substances" and the first tranche of the plan, the latter at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National CFC/CTC phase-out plan (first tranche)	479,480	35,961	UNIDO

Annex I

**DRAFT AGREEMENT BETWEEN SUDAN AND THE EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE PHASE-OUT OF
OZONE-DEPLETING SUBSTANCES**

1. This Agreement represents the understanding of Sudan (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone depleting substances set out in Appendix 1-A (“The Substances”) prior to 2010, compliance with Protocol schedules.
2. The Country agrees to phase out the controlled use of the Substances in accordance with the annual phase-out targets set out in Appendix 2-A (“The Targets, and Funding”) and this Agreement. The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the Montreal Protocol. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the Substances.
3. Subject to compliance with the following paragraphs by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 13 of Appendix 2-A (“The Targets, and Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country will meet the consumption limits for each Substance as indicated in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption limits as described in paragraph 9 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Target for the applicable year;
 - (b) That the meeting of the Target has been independently verified as described in paragraph 9; and
 - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme;
 - (d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of Appendix 4-A (“Format for Annual Implementation Programmes”) in respect of the year for which funding is being requested.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 9.

7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may use the Funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any changes in the use of the Funding must, however, be documented in advance in the Country’s Annual Implementation Programme, endorsed by the Executive Committee as described in sub-paragraph 5(d) and be subject to independent verification as described in paragraph 9.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing subsector:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The recovery and recycling programme for the refrigeration servicing sector will be implemented in stages so that remaining resources can be diverted to other phase-out activities, such as additional training or procurement of service tools in cases where the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNIDO has agreed to be the lead implementing agency (“Lead IA”). The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A including but not limited to independent verification. The country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in the row 14 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in Appendix 1-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. In the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next instalment of Funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by

the amounts set out in Appendix 7-A in respect of each ODP tonne of the amount exceeding the Maximum Allowable Total Consumption of CFCs and CTC limit (Appendix 2-A) in any one year.

11. The funding components of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

12. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide access to the Lead IA to information necessary to verify compliance with this Agreement.

13. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

APPENDIX 1-A THE SUBSTANCES

1. The ozone-depleting substances to be phased out under the Agreement are as follows.

Annex	Group	Chemical
A	I	CFCl ₃ (CFC-11), CF ₂ Cl ₂ (CFC-12)
B	II	CCl ₄ , Carbon tetrachloride
B	III	C ₂ H ₃ Cl ₃ , 1,1,1-trichloroethane (methyl chloloform)

APPENDIX 2-A THE TARGETS, AND FUNDING*

	2004	2005	2006	2007	2008	2009	2010	Total
1. Montreal Protocol Reduction Schedule of CFCs (ODP tonnes)	456.8	228.4	228.4	68.52	68.52	68.52	0	
2. Max allowable total consumption of CFCs (ODP tonnes)	216	200	130	65	45	25	0	
3. Reduction from on-going projects (ODP tonnes)	0	0	0	0	0	0	0	0
4. New reduction under plan (ODP tonnes)	0	16	70	65	20	20	25	216
5. Unfunded reductions (ODP tonnes)	-	-	-	-	-	-	-	-
6. Total annual reduction (ODP tonnes)	0	16	70	65	20	20	25	216
7. Montreal Protocol Reduction Schedule of CTC (ODP tonnes)	n.a.	0.33	0.33	0.33	0.33	0.33	0	
8. Max allowable total consumption of CTC (ODP tonnes)	1.1	0.33	0.33	0.33	0.33	0.33	0	
9. Reduction from on-going projects (ODP tonnes)	0	0	0	0	0	0	0	
10. New reduction under plan (ODP tonnes)	0	0.77	0	0	0	0	0.33	
11. Unfunded reductions (ODP tonnes)	-	-	-	-	-	-	-	-
12. Total annual reduction (ODP tonnes)	0	0	0.77	0	0	0	0.33	
13. Lead IA agreed funding (US \$)	479,480	220,000	150,000	150,000	140,000	0	0	1,139,480
14. Lead IA support costs (US \$)	35,961	16,500	11,250	11,250	10,500	0	0	85,461
15. Total agreed funding (US \$)	515,441	236,500	161,250	161,250	150,500	0	0	1,224,941

* The consumption of Annex B, Group II substance (1,1,1-trichloroethane) was negligibly small and the Government of Sudan reported as nil. However, the Government agrees to ensure the total phase-out of this substance under the present Agreement.

APPENDIX 3-A FUNDING APPROVAL SCHEDULE

1. Funding other than the payments in 2004, will be considered for approval at the last meeting of the year of the annual implementation plan.

APPENDIX 4-A FORMAT FOR ANNUAL IMPLEMENTATION PROGRAMMES

This format is proposed for use by the Article 5 country to prepare the annual implementation programme for the implementation of performance-based ODS phase-out plans; however, it should be modified to suit the specific needs of each plan.

1. Data

Country _____

Year of plan _____

of years completed _____

of years remaining under the plan _____

Target ODS consumption of the preceding year _____

Target ODS consumption of the year of plan _____

Level of funding requested _____

Lead implementing agency _____

Co-operating agency(ies) _____

2. Targets

Target:				
Indicators		Preceding Year	Year of Plan	Reduction
Supply of ODS	Import			
	Production*			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

* For ODS-producing countries

3. **Industry Action**

Sector	Consumption Preceding Year (1)	Consumption Year of Plan (2)	Reduction within Year of Plan (1)-(2)	Number of Projects Completed	Number of Servicing Related Activities	ODS Phase-Out (in ODP tonnes)
Manufacturing						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
Servicing						
Refrigeration						
Total						
GRAND TOTAL						

4. **Technical Assistance**

Proposed Activity: _____

Objective: _____

Target Group: _____

Impact: _____

5. **Government Action**

Policy/Activity Planned	Schedule of Implementation
Type of Policy Control on ODS Import: servicing, etc	
Public Awareness	
Others	

6. **Annual Budget**

Activity	Planned Expenditures (US \$)
TOTAL	

7. **Administrative Fees**

APPENDIX 5-A MONITORING INSTITUTIONS AND ROLES

1. NOU monitors the consumption data of all ODS. Inspections at reconverted companies are foreseen to ensure the non-uses of CFCs after project completion. The licensing system will be a tool to monitor and ensure compliance of control measures.
2. The Government has offered and intends continuing to offer continuity of activities and endorsement for the projects through the institutional support (National Ozone Unit) over the next years. This will guarantee the success of any activity approved for Sudan.
3. After the establishment of the countrywide system for reuse of ODS, the monitoring activity will be initiated to know whether the project is successfully implemented and the target CFC phase-out is achieved.
4. Monitoring activity will be done by:
 - (a) Establishing the system to ensure with the counterpart institute, that every recycling/reclaim centre and service workshop is encouraged or obliged to report data and give information to the recovery, recycling and reclamation scheme. This may be enabled through forms to be filled by reclaim centres and service workshops.
 - (b) Setting up adequate office facilities including a computer system to collect and analyse the data.
 - (c) Regular communication with the counterpart institute.
 - (d) Occasional visits to workshops and reclaim centres.
 - (e) Regular communication with customs offices.
5. Information will be collected from recycling centres and workshops in terms of CFC quantity and material price and cost.

APPENDIX 6-A ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities specified in the project document as follows:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;

- (b) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the annual implementation programme;
- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme of the preceding year and preparing an Annual Implementation Programme for the year for submission to the Executive Committee;
- (f) Ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate technical experts;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Target;
- (j) Ensuring that disbursements are made to the Country in a timely and effective manner; and
- (k) Providing assistance with policy, management and technical support when required.

APPENDIX 7-A REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$10,500 per ODP tonne of reductions in consumption not achieved in the year.
