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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-second Meeting  
Montreal, 23-27 July 2007

**PROJECT PROPOSAL: NIGERIA**

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

Solvent

- Terminal ODS phase-out umbrella project in the solvent sector (fourth tranche)

UNIDO

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
NIGERIA**

<b>PROJECT TITLE</b>	<b>BILATERAL/IMPLEMENTING AGENCY</b>
Terminal ODS phase-out umbrella project in the solvent sector (fourth tranche)	UNIDO

<b>NATIONAL CO-ORDINATING AGENCY:</b>	Federal Ministry of Environment, Housing and Urban Development
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**

**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF JUNE 2007)**

Annex B, Group II	0		
Annex B, Group III	0		

**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF JUNE 2007)**

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CTC	0	0	0	0	0	0	
TCA	0	0	0	0	0	0	0

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	n/a
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**CURRENT YEAR BUSINESS PLAN:** Total funding US \$326,000: total phase-out 38 ODP tonnes.

PROJECT DATA		2004	2005	2006	2007	2008	2009	2010
<b>CTC (ODP tonnes)</b>	Montreal Protocol limits	no control	22.9	22.9	22.9	22.9	22.9	0
	Annual consumption limit	166.7	22.9	22.9	22.9	0	0	0
	Annual phase-out from ongoing projects	0	0	0	0	0	0	0
	Annual phase-out newly addressed	-	143.8	0	0	22.9	0	0
	Annual unfunded phase-out	0	0	0	0	0	0	0
<b>TCA (ODP tonnes)</b>	Montreal Protocol limits	32.9	23.0	23.0	23.0	23.0	23.0	9.9
	Annual consumption limit	31.3	23.0	23.0	23.0	23.0	23.0	0
	Annual phase-out from ongoing projects	0	0	0	0	0	0	0
	Annual phase-out newly addressed		8.3	0	0	0	0	23.0
	Annual unfunded phase-out	0	0	0	0	0	0	0
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>		-	152.1	0	0	22.9	0	23.0
Total ODS consumption to be phased in (HCFCs)		0	0	0	0	0	0	0
Final project costs (US\$):								
Funding for UNIDO		530,000	317,000	425,000	303,200	0	0	0
<b>Total project funding</b>		530,000	317,000	425,000	303,200	0	0	0
Final Support cost								
Support cost for UNIDO		39,750	23,775	31,875	22,740	0	0	0
<b>Total support costs</b>		39,750	23,775	31,875	22,740	0	0	0
<b>TOTAL COST TO MULTILATERAL FUND (US\$)</b>		569,750	340,775	456,875	325,940	0	0	0
Final project cost effectiveness (US \$/kg)								n/a

**FUNDING REQUEST:** Approval of funding for the fourth tranche (2007) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION</b>	For blanket approval
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Nigeria, UNIDO has submitted to the 52<sup>nd</sup> Meeting a report on the activities undertaken in the last twelve months of the terminal ODS phase-out umbrella project in the solvent sector for Nigeria, together with an annual implementation plan for the fourth tranche. UNIDO has also requested approval of US \$303,200 plus support costs of US \$22,740 for implementation of the 2007 programme. This tranche is the last tranche under this project. This project has the characteristics of a sector plan, i.e. it is performance-based and provides flexibility under an Agreement between the Government of Nigeria and the Executive Committee.

### Background

2. At the 43rd Meeting the Executive Committee approved in principle the terminal ODS phase-out umbrella project in the solvent sector for Nigeria at a total cost of US \$1,575,200 plus support costs of US \$118,140 for UNIDO (decision 43/31). The Executive Committee also approved funding for the first tranche of the project at a cost of US \$530,000 plus support costs of US \$39,750 for UNIDO (decision 43/31). The second tranche of US \$317,000 plus US \$23,775 was approved at the 46th Meeting on the condition that disbursement of the funding should not commence until agreement between the Secretariat and UNIDO had been reached that the specified 2004 consumption limits had been verified. The Executive Committee requested UNIDO to follow the requirements of decision 43/31 in submitting requests for subsequent tranches of the project. Subsequently, the Secretariat and UNIDO reached agreement on verification of the 2004 consumption and the second tranche was released to UNIDO in February 2006. The third tranche was approved in July 2006 at the 49th Meeting of the Executive Committee at a cost of US \$425,000 plus support costs of US \$31,875 for UNIDO, together with an adjustment to the condition for submission of requests to make provision for submission to the second meeting of each year.

### Progress report on activities implemented in the last annual plan

3. The 2006 ODS consumption targets established in the terminal umbrella project were 22.9 ODP tonnes for CTC and 23.0 ODP tonnes for TCA; these are unchanged from the previous year, and are identical also to those of the year 2007. The country agreed to completely phase out the consumption of TCA and CTC from the first of January 2008 onwards. According to the progress report, CTC and TCA consumption in 2006 was zero, similar to the consumption in 2005. A verification report for 2006 has been made available to the Secretariat as part of the documentation submitted by UNIDO with the request for the 2007 funding tranche.

4. According to the reports submitted, Nigeria appears to have legislation established to monitor the imports of ODS by issuing licenses. A draft regulation from 2003 specifying a number of control measures remains to be approved, and no progress has been recorded between last year and this year. According to the records of the Ozone Secretariat, Nigeria reported having a licensing system, and accordingly appears to fulfill the conditions of the Montreal Amendment.

5. Since the approval of the third tranche of the solvent sector phase-out plan in 2006, the following activities have been implemented:

- (a) In 2005 the Federal Ministry of Environment had established a network of field offices which, together with the National Ozone Office, use a permit and licensing system for control the importation of ODS. The final draft of a comprehensive ODS control act, which is also establishing a license system for ODS, remains with the Federal Ministry of Justice for review and redrafting, i.e. it has retained the status it had upon discussion of the previous tranche one year ago. The project document informs that it is expected that the act will be passed into law before the end of 2007;
- (b) The NOU undertook again a comprehensive survey of the relevant industry sub-sectors with the assistance of national industrial experts;
- (c) The formulation sub-sector is dealing with products using solvents as part of their formulation, such as degreasers, stain removers, leather dyes, pigment dispersants, defoamers etc. In this sub-sector, a total of 48 beneficiaries have been identified. Support is provided through assistance for reformulation and facility modification. The project is assisting the enterprises to develop new formulations of their products;
- (d) A training programme for parts cleaners was provided in early 2006. Hydrocarbon cleaning technology was identified as a possible ozone friendly alternative technology for parts cleaning. UNIDO had initiated the purchase process for the supply of equipment. Completion is expected before the end of 2007;
- (e) Awareness/technical workshops for dry cleaning, corporate use and industrial cleaning sub-sectors through workshops and visits of the NOU to further elaborate alternative technologies and substances;
- (f) Subsequent to workshops on alternative, ozone friendly solvents and other information and awareness activities, many of the dry cleaning shops have converted to the use of perchlone;
- (g) Peugeot Automobile Nigeria has phased out the use of TCA in the cleaning line of automobile parts in line with the global strategy of the owner company. Under the plan, and with the flexibility the plan provides for the funding included, it appears that support is possible for such a company despite its ownership structure, which would typically exclude it at least partially from receiving benefits; and
- (h) The CTC and TCA phase-out project at Scientific Equipment Development Institute commenced in the first quarter of 2007 with assistance from the third tranche. The project is on-going and is expected to be completed before the end of 2007.

Verification of 2006 consumption limits

6. UNIDO submitted a report on verification of national consumption targets for CTC and TCA established in the terminal ODS phase-out umbrella project in the solvent sector in Nigeria. The verification report was prepared by BEST Environmental Solution Tools Limited, Nigeria. The verification exercise was aimed at determining the consumption targets for CTC and TCA in Nigeria in 2006 focusing on:

- (a) National Consumption Targets for CTC and TCA in 2006;
- (b) Government Enforcement Structure for CTC / TCA imports and exports;
- (c) Permitting Procedure for CTC / TCA imports and exports; and
- (d) Importers / Exporters / Distributors / End-Users of CTC and TCA.

7. The report verified the import of CTC and TCA through inspection of the import/export licensing system procedure established by the Ministry of Environment, and the resulting data. The report confirmed that the import and consumption of CTC and TCA respectively was zero ODP tonnes in 2006.

8. The prices for CTC have increased steadily by 112% since 2004 (16% since last year). A similar trend was observed for TCA with increases of 85% since 2004 (15% since last year). At the same time, demand was decreasing.

Annual implementation plan for the fourth tranche

9. UNIDO has submitted an annual implementation plan (AIP) for the fourth tranche of the solvent sector project. The consumption limits remain the same as in 2006, consistent with the agreement.

10. It is planned to continue the awareness campaign to assist the phase-out of CTC and TCA use, the formulator programme with assistance for the development of new formulations and production facility modification for the remaining enterprises, and the support in the industrial cleaning contractor sub-sector. Activities are also planned in the parts cleaning and dry-cleaning sub-sectors. Finally, the phase-out of CTC use in four companies and institutions identified as “corporate users” will be completed. In addition, a number of government activities will be carried out, including monitoring activities and activities to finalise the draft legislation.

**SECRETARIAT’S COMMENTS AND RECOMMENDATIONS****COMMENTS**

11. The verification report provided one major conclusion, namely, that official figures indicate that imports of CTC and TCA were zero ODP tonnes in 2006 in Nigeria. No import licenses were issued in 2006. Thus, Nigeria has met the targets as defined in the Agreement with the Executive Committee.

12. According to the Secretariat's understanding of the verification report, Nigeria as yet has no legislation established to control the imports of ODS. The existing licensing system seems to be predominantly a monitoring tool and has apparently no provisions to limit the issuing of licenses to a predefined quantity, e.g. the maximum allowable consumption under the agreement. Nevertheless, it appears to be effective in ensuring that no imports take place without a license. A 2003 draft regulation still remains to be approved, and no progress has been made in this respect over the last 12 months. Since the reported imports of CTC were zero, and have remained at that level for some years, this issue has presently no direct impact on the objectives of this agreement. Nevertheless, should the Secretariat's understanding of Nigeria's present status of legislation be correct, this could be a potential problem both for the control of CFC imports through the same legislation as well as for the sustainability of the phase-out.

13. The Secretariat notes that most of activities included in the 2006 annual implementation programme have been completed as planned.

### RECOMMENDATION

14. The Fund Secretariat recommends blanket approval of the fourth tranche of the project with associated support costs at the funding levels shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	Terminal ODS phase-out umbrella project in the solvent sector (fourth tranche)	303,200	22,740	UNIDO

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## NIGERIA

## Annex II

(1) PROJECT TITLE: Terminal ODS phase-out umbrella project in the solvent sector

## (2) EXECUTIVE COMMITTEE APPROVALS AND PROVISIONS

CODE	AGENCY	EXCOM PROVISION	Fulfilled	According to (Agency/ Country/ Verification/ Secretariat/ ExCom)
NIR/SOL/43/INV/110	UNIDO	Approved the project in principle on the understanding that the total level of funding of the solvent sector is US \$1,575,200 and is the total funding that would be available to the Government from the Fund for the complete phase out of consumption of CTC and TCA. The Government agrees that no additional resources will be requested from the Fund or bilateral agencies for activities related to the phase-out of these substances. The Government commits itself to the phased reduction and phase-out of consumption of CTC from 166.7 ODP tonnes in 2004 to zero ODP tonnes in 2008 and of TCA from 31.3 ODP tonnes in 2004 to zero ODP tonnes in 2010 (at a minimum consistent with the Montreal Protocol's control measures for CTC and TCA). Subsequent to 2004, funding will be requested at the last meeting of the Executive Committee in 2005 (US \$317,000 plus US \$23,775 agency support), 2006 (US \$425,000 plus US \$31,875 agency support) and 2007 (US \$303,200 plus US \$22,740 agency support). The Committee agrees to provide Nigeria with flexibility in using the agreed funds consistent with operational procedures as agreed between Nigeria and UNIDO. The Government agrees to ensure accurate monitoring of the phase out and to provide regular reports, as required by its obligations under Article 7 of the Montreal Protocol, by 30 September each year.	yes	
NIR/SOL/46/INV/113	UNIDO	Approved on the condition that disbursement of the funding should not commence until agreement between the Secretariat and UNIDO had been reached that the specified 2004 consumption limits had been verified. UNIDO was requested to follow the requirements of decision 43/31 in submitting requests for subsequent tranches of the project.	yes	IA, Secretariat, ExCom
NIR/PHA/49/INV/115	UNIDO	Approved an adjustment to the condition for submission of requests for funding agreed in decision 43/31, to make provision for submission to the second meeting of each year.	yes	IA, Secretariat, ExCom

Source: Inventory

## (3) ARTICLE 7 DATA (ODP TONNES)

Substances	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
CFC	3,650.0	1,535.6	4,548.1	4,866.2	4,761.5	4,286.2	4,094.8	3,665.5	3,286.7	2,662.4	2,116.1	466.1
CTC	152.8	111.2	132.6	145.9	160.4	151.3	146.6	143.0	140.8	166.7	166.7	0.0
Halons	285.3	37.0	390.0	429.0	472.0	450.7	486.7	412.0	412.1	191.2	151.0	0.0
MBR	2.8	3.8	3.1	2.5	2.0	2.0	2.1	2.1	2.0	2.0	1.7	0.0
TCA	32.9	26.8	24.0	31.0	33.2	32.7	32.7	31.5	31.0	31.3	31.3	0.0

Source: A7 Data from the Ozone Secretariat

## (4) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)

Year: 2005

Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco Fluffing	Total
				Manufacturing	Servicing					QPS	Non-QPS		
CFC	58.0				408.0								466.0
CTC						0.0							0.0
Halons													0.0
MBR													0.0
TCA						0.0							0.0

Source: Country Programme Data

**(5) PHASE-OUT (ODP TONNES)**

Substances	Calendar year	2004	2005	2006	2007	2008	2009	2010	Total	Decision
CTC	Maximum Allowable Consumption (Agreement; per substance if valid)	166.7	22.9	22.9	22.9	0.0	0.0	0.0		
	Compliance Action Target (MOP)									N/A
	Consumption Reported in Implementation Report submitted									
	Consumption Reported in the Verification Report									
	Reduction Under Plan		143.8			22.9			166.7	
	Approved Phase-Out (Inventory)	143.8	0.0	0.0					143.8	
	Actual Phase-Out (Current Progress Report)	166.7	0.0	0.0					166.7	
	Remaining Phase-Out to be Achieved									
TCA	Maximum Allowable Consumption (Agreement; per substance if valid)	31.3	23.0	23.0	23.0	23.0	23.0	0.0		
	Compliance Action Target (MOP)									N/A
	Consumption Reported in Implementation Report submitted									
	Consumption Reported in the Verification Report									
	Reduction Under Plan		8.3					23.0	31.3	
	Approved Phase-Out (Inventory)	8.3	0.0	0.0					8.3	
	Actual Phase-Out (Current Progress Report)	31.3	0.0	0.0					31.3	
	Remaining Phase-Out to be Achieved									

Source: Agreement, Inventory, Progress Report, MOP Report, Project Document (Annual Plan) and Verification Reports.

**(6a) PROJECT COSTS (US\$)**

Calendar year	2004	2005	2006	2007	Total
<b>UNIDO</b>					
Funding as per Agreement	530,000	317,000	425,000	303,200	1,575,200
Funds approved (Inventory)	530,000	317,000	425,000		1,272,000
Estimated Disbursement in Previous Progress Report	512,516	295,903			808,419
Funds Disbursed in Current Progress Report	17,484	20,917	122,320		160,721
Funds Obligated in Current Progress Report	0	0	173,387		173,387
Estimated Disbursement in Current Progress Report	530,000	316,820	295,707		1,142,527
Disbursement as per Annual Plan	530,000	316,820	348,057		1,194,877
[Comments]					

Source: Agreement, Inventory, Progress Reports and Project Document (Annual Plan)

**(6b) SUBMISSION SCHEDULES (planned and actual)**

Submission year as per agreement	2004	2005	2006	2007
<b>UNIDO</b>				
Planned submission as per Agreement	Jul-04	Nov-05	Nov-06	Jul-07
Tranche Number	I	II	III	IV
Revised Planned Submission (As per Submission Delays Decisions)				
Date Approved	Jul-04	Jul-05	Jul-06	

Source: Agreement, Inventory and Final ExCom Report Decisions



(7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS

	2005	
	Country Programme	Verification Report
<b>Establishing general guidelines to control import (production and export) of ODS</b>		
ODS Import/Export licensing or permit system in place of bulk ODSs	N/A	Yes
Regulatory procedures for ODS data collection and reporting in place	N/A	Yes
Requiring permits for import or sale of bulk ODSs	N/A	Yes
Quota system in place for import of bulk ODSs	N/A	Yes
<b>Banning import or sale of bulk quantities of:</b>		
CFCs	N/A	No
Halons	N/A	No
Other ODSs (CTC, TCA, methyl bromide)	N/A	No
<b>Banning import or sale of:</b>		
Used domestic refrigerators or freezers using CFC	N/A	-
MAC systems using CFC	N/A	-
Air conditioners and chillers using CFC	N/A	-
CFC-containing aerosols except for metered dose inhalers	N/A	-
Use of CFC in production of some or all types of foam	N/A	-
<b>Enforcement of ODS import controls</b>		
Registration of ODS importers	N/A	Yes
<b>Qualitative assessment of the operation of RMP</b>		
The ODS import licensing scheme functions	N/A	Yes
The CFC recovery and recycling programme functions	N/A	Yes

Source: Country Programme and Verification Report

(8) IMPLEMENTATION DETAILS

	Completed tranche 1, 2 and 3 tranche covered by report submitted							Tranche currently implemented (preliminary data)					
	Activities			Budget				Explanations	Activities		Budget		Explanations
	Planned (annual)	Actual (annual)	Cumulative achievement as compared to overall plan [%]*	Planned (annual)	Actual (annual)	Cumulative achievement as compared to overall plan [%]*	Carryover		Planned	Actual	Planned	Actual	
<b>Project Management</b>				90,000	100,000	111%	-10,000	active enforcement exercise by NOU			25,000	25,000	
monitoring and enforcement	6	3	50%						1	1			as planned
verification audit	5	3	60%						1	1			
<b>Technical assistance</b>				300,000	290,000	97%	10,000				0	10,000	from the 2nd tranche
technical workshop	4	3	75%						1	1			assistance to small users
study tours	3	2	67%						1	1			technology selection
<b>Industrial programme</b>				920,000	804,877	87%	115,123				370,000**	348,057	
formulators programme	46	28	61%					1 is facing difficulties	16	3			the contracts under preparation
metal-cleaners programme	42	16	38%					budget constraint	6	6			contact with equipment supplier. will be signed in June
corporate users programme	6	1	17%					slow progress with one user	4	3			final payment for one company in process

\*Refers to latest revision of overall plan

\*\* excluding contingency

(9) ANNUAL PLAN SUBMITTED COMPARED TO OVERALL PLAN

	Activities		Budget		Explanations
	Planned (future tranche)	Cumulative achievement as compared to overall plan [%]*	Planned (future tranche)	Cumulative achievement as compared to overall plan [%]*	
<b>Project Management</b>			53,200	37	
monitoring and enforcement	1	66			the monitoring will continue voluntary
verification audit	1	80			last audit will be conducted in 2008
<b>Technical assistance</b>			50,000	16	will be finalized in 2008
technical workshop	1	100			no activities planned after 2007
study tours	1	100			no activities planned after 2008
<b>Industrial programme</b>			200,000	20	will be finalized in 2008
formulators programme	7	80			estimated
metal-cleaners programme	1	80			estimated
corporate users programme	1	80			estimated

\*Refers to latest revision of overall plan

(10) REQUESTED FUNDS

	Impact in ODP tonnes	Project cost (US \$)	Support cost (US \$)	Total
UNIDO	22.9	303,200	22,740	325,940
Total	22.9	303,200	22,740	325,940

(11) SECRETARIAT'S RECOMMENDATION:

FOR BLANKET APPROVAL