



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/54/42
4 March 2008



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fourth Meeting
Montreal, 7-11 April 2008

PROJECT PROPOSAL: NIGER

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

Phase-out

- Terminal phase-out management plan (first tranche)

UNEP and UNIDO

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

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

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan	UNEP and UNIDO
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SUB-PROJECT TITLES

(a) End-user incentive programme	UNIDO
(b) Police, enforcement and training	UNEP
(c) Monitoring and reporting	UNEP

NATIONAL CO-ORDINATING AGENCY:

National Ozone Office

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2006, AS OF FEBRUARY 2008)**

Annex I, Group I	15.9		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2006, AS OF FEBRUARY 2008)

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-11				0.06			
CFC-12				15.7			
CFC-115				0.12			

CFC consumption remaining eligible for funding (ODP tonnes)

4.8

CURRENT YEAR BUSINESS PLAN: Total funding US \$98,000: total phase-out 1 ODP tonnes.

PROJECT DATA		2008	2009	2010	Total
CFCs (ODP tonnes)	Montreal Protocol limit	4.8	4.8	-	n/a
	Annual consumption limit	4.8	4.8	-	n/a
	Annual phase-out from ongoing projects	0	0	-	0
	Annual phase-out newly addressed	0	4.8	-	4.8
	Annual unfunded phase-out	0	0	0	0
TOTAL ODS CONSUMPTION TO BE PHASED OUT		0	4.8	0	4.8
Total ODS consumption to be phased-in (HCFCs)		0	0	0	0
Final project costs (US \$):					
Funding for Lead IA: UNEP		81,000	68,000	-	149,000
Funding for Cooperating IA: UNIDO		131,000	53,000	-	184,000
Total project funding		212,000	121,000	-	333,000
Final support costs (US \$):					
Support cost for Lead IA: UNEP		10,530	8,840		19,370
Support cost for Cooperating IA: UNIDO		11,790	4,770		16,560
Total support costs		22,320	13,610		35,930
TOTAL COST TO MULTILATERAL FUND (US \$)		234,320	134,610		368,930
Final project cost effectiveness (US \$/kg)					n/a

FUNDING REQUEST: Approval of funding for the first tranche (2008) as indicated above.**SECRETARIAT'S RECOMMENDATION**

For blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Niger, UNEP, as the lead implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 54th Meeting. The project will be implemented by UNEP and UNIDO. The total cost of the TPMP as submitted is US \$345,000 plus agency support costs of US \$22,100 for UNEP and US \$15,750 for UNIDO. The project proposes to phase out 15.8 ODP tonnes of CFCs in the country by the end of 2009. The CFC baseline for compliance is 32 ODP tonnes.

Background

2. In regard to the phase-out of CFCs in the refrigeration servicing sector, the total amount approved for Niger for its RMP (27th Meeting) and RMP update (42nd Meeting) was US \$311,305 for the implementation of training programmes for refrigeration service technicians and customs officers, establishment of a recovery and recycling programme, and a programme for monitoring the activities included in the RMP. The implementation of the RMP in Niger resulted in the training of 525 refrigeration service technicians in good servicing practices, and 240 customs officers. Each of the four recycling Centres (Niamey, Maradi, Zinder and Arlit) received one complete set of recycling equipment and three sets of recovery equipment including the tools for repair and maintenance as well as vacuum pumps. The equipment provided is intended for HFC-134a and CFCs. The project also facilitated the distribution of four sets of refrigerant identifiers. The recovery and recycling programme likewise recovered 252 kilogrammes of CFC-12 in 2006.

Policy and legislation

3. As part of the Union Economique et Monétaire Ouest Africaine (UEMOA), Niger fully implements the sub-regional legislation on ODS and ODS containing equipment. While national legislation to control ODS imports is also in place, this was introduced to be fully supportive and consistent with the sub-regional regulations, which require importers of CFCs to have licenses and call for a ban on the import of ODS containing equipment. Within the country, the framework for implementing the ODS legislation remains the national law that defines the basis for environmental policies.

Refrigeration servicing sector

4. Niger reported that it had imported 15.8 ODP tonnes of CFCs in 2006. During the same year, almost the same amount of HCFC-22 was imported, as well as around 12 tonnes of HFC-134a. Other refrigerants such as R-600a, R-404a, R-407c and R-502 were likewise imported but in smaller quantities. While the use of CFCs in Niger is mostly in the servicing of refrigeration and air conditioning equipment, some of the equipment is also serviced using other refrigerants.

5. The domestic and commercial refrigeration sector has around 70 percent of equipment serviced with CFCs, while the rest of the 30 percent use alternative refrigerants. There are fewer than 100 units of industrial refrigeration equipment in Niger, and half of these run on CFC-12, around 12 percent on HCFC-22, and the rest on other refrigerants. Most mobile air conditioning

(MAC) equipment on the other hand operates largely on HFC-134a, and out of the total number of air-conditioned cars only about 20 percent are CFC-based (mostly older cars). New cars that come into the country have HFC-134a MACs. Domestic air-conditioning on the other hand function mostly on HCFC-22, with about 40 percent using other gases which are not specified. The country does not have many large air conditioning installations. The consumption survey undertaken during the TPMP preparation found that almost all of these use HCFC-22 as a refrigerant, except for some 0.7 ODP tonnes of CFC-12 used for servicing in this sector.

6. The TPMP reports that as of 2006, there are over 800 refrigeration technicians in Niger distributed within 8 regions, as well as over 300 servicing workshops. More than 60 per cent (525 technicians) of these have received formal training under the RMP.

7. The prices of refrigerants in Niger per kg in 2006 are between US \$8-10 for CFC-12, US \$20-24 for HFC 134a, US \$8-12 for HCFC-22. R-404a and R-407a cost US \$30 per kilogramme.

Activities proposed in the TPMP

8. The TPMP for Niger presents a proposal that would ensure the phase out of CFCs will be met through the following:

- (a) Technical assistance for retrofitting refrigeration and air conditioning equipment;
- (b) Additional training for refrigeration technicians in good practice and retrofitting;
- (c) Additional training for customs officers and review of current national ODS legislation; and
- (d) Project implementation and monitoring.

9. The Government of Niger plans to phase out 15.8 ODP tonnes of CFCs by 1 January 2010. A detailed work plan for 2008 has been submitted with the TPMP proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The 2006 CFC consumption reported by the Government of Niger under Article 7 of the Protocol is 15.8 ODP tonnes, which is 11 ODP tonnes more than the allowable consumption in Niger by the end of 2007 of 4.8 ODP tonnes. In seeking clarification from UNEP, the Secretariat was informed that a national quota for CFC imports was set for 4.7 ODP tonnes in 2007 and, based on initial estimates of licenses issued, the country will not be exceeding its 85 per cent reduction target.

11. The Secretariat discussed with the lead implementing agency the technical issues related to the current levels of CFC consumption in Niger, the level of implementation of the RMP particularly as it relates to similar activities proposed in the TPMP, and the current status of the

disbursement of activities included in the approved RMP. The Secretariat also sought clarification from UNEP on how the activities proposed in the TPMP will meet the complete phase out in 2010 and how this can be sustained beyond 2010.

Level of funding and implementation modalities

12. During the review of the TPMP, the Secretariat noted that:

- (a) Over 500 technicians were already trained during the implementation of the RMP and the RMP update as well as 200 customs officers;
- (b) Further justification was required to establish the need for additional training programmes for technicians, and there was no mention of how servicing of HCFC equipment was to be considered and included in the training agenda. It noted, however, the excellent idea to build the capacity of two training centres that were instrumental in the training during the RMP, in order to provide training in future;
- (c) The programme will continue to support and involve local refrigeration associations to look at a possible formalised system for technician accreditation;
- (d) The proposal for additional customs training was unclear whether it took into consideration the border issues with Nigeria that was a source of potential illegal trade;
- (e) It was not stated whether, in the review of OS regulations, the country will take into consideration issues related to HCFC licensing;
- (f) The investment component was unclear in its approach to the retrofit programme and how the incentive programme will be carried out; and
- (g) The recovery and recycling programme under the RMP recovered small quantities of CFC-12, at 252 kilogrammes, and that the proposal does not specifically include a recovery and recycling programme.

13. UNEP provided clarification on the issues raised above and revised the project document accordingly to take into consideration the suggestions from the Secretariat. On this basis, the Secretariat concluded that most of the activities that are being proposed in the TPMP for Niger are consistent with decision 45/54, and that this TPMP can be recommended only at a level of funding of US \$333,000.

Agreement

14. The Government of Niger submitted a draft agreement between the Government and the Executive Committee with the conditions for the complete phase-out of CFCs in Niger, which is contained in Annex I to the present document.

RECOMMENDATION

15. The Secretariat recommends blanket approval of the terminal phase-out management plan for Niger. The Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for Niger, at the amount of US \$333,000 (US \$149,000 for UNEP plus agency support costs of US \$19,370, and US \$184,000 for UNIDO plus support costs of US \$16,560);
- (b) Approve the draft agreement between the Government of Niger and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;
- (c) Urge UNEP and UNIDO to take full account of the requirements of decisions 41/100 and 49/6 of the Executive Committee during the implementation of the terminal phase-out management plan; and
- (d) Approve the first tranche of the plan at the funding levels shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	Terminal phase-out management plan (first tranche)	81,000	10,530	UNEP
(b)	Terminal phase-out management plan (first tranche)	131,000	11,790	UNIDO

Annex I

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

1. This Agreement represents the understanding of the Government of Niger (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 1 January 2010 in compliance with Protocol schedules.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 2 of Appendix 2-A (the “Targets, and Funding”) in this Agreement. 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 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 9 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 (the “Funding Approval Schedule”).
4. The Country will meet the consumption limits for each of the Substances 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 sub-paragraph 5(b) 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 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Targets for the applicable year;
 - (b) That the meeting of these Targets will be independently verified, if requested by the Executive Committee consistent with paragraph (d) of decision 45/54;
 - (c) That the Country has substantially completed all actions set out in the last annual implementation programme; and
 - (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 (the “Format of Annual Implementation Programme”) in respect of the year for which tranche 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 (the “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 sub-paragraph 5(b).

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 have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the goals prescribed under this Agreement. Reallocations categorized as major changes must be documented in advance in the next annual implementation programme and endorsed by the Executive Committee as described in sub-paragraph 5(d). Reallocations not categorized as major changes may be incorporated in the approved annual implementation programme, under implementation at the time, and reported to the Executive Committee in the report on implementation of the annual implementation programme.

8. Specific attention will be paid to the execution of the activities in the refrigeration-servicing sub-sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The technical assistance programme for the refrigeration-servicing sub-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; and
- (c) The Country and the implementing agencies will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

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. UNEP has agreed to be the lead implementing agency (the "Lead IA") and UNIDO has agreed to be cooperating implementing agency (the "Cooperating IA") under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A including but not limited to independent verification as per sub-paragraph 5(b). The Country also agrees to periodic evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Cooperating IA will be responsible for carrying out the activities listed in Appendix 6-B. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 10 and 11 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 2-A of the Montreal Protocol 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. At 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 tranche 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 reductions in consumption not achieved 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 and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access 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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Annex A:	Group I	CFC-12 and CFC-115
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APPENDIX 2-A: THE TARGETS, AND FUNDING

		2008	2009	2010	Total
1	Montreal Protocol reduction schedule of Annex I, Group I substances (ODP tonnes)	4.8	4.8	0	n/a
2	Max. allowable total consumption of Annex I, Group I substances (ODP tonnes)	4.8	4.8	0	n/a
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)		4.8	0.0	4.8
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	0	4.8	0	4.8
7	Lead IA agreed funding (US \$)	81,000	68,000	0	149,000
8	Cooperating IA agreed funding (US \$)	131,000	53,000	0	184,000
9	Total agreed funding (US \$)	212,000	121,000	0	333,000
10	Lead IA support costs (US \$)	10,530	8,840	0	19,370
11	Cooperating IA support costs (US \$)	11,790	4,770	0	16,560
12	Total agreed support costs (US \$)	22,320	13,610	0	35,930
13	Grand total agreed funding (US \$)	234,320	134,610	0	368,930

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

- Following approval of the first tranche in 2008, funding for the second tranche will be considered for approval not earlier than the first meeting of 2009.

APPENDIX 4-A: FORMAT OF ANNUAL IMPLEMENTATION PROGRAMME

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 _____
 Cooperating agency(ies) _____

2. Targets

Indicators		Preceding year	Year of Plan	Reduction
Supply of ODS	Import			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

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						
Total						
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. All the monitoring activities will be coordinated and managed through the project "Monitoring and Management Unit", under supervision of the National Ozone Unit (NOU) and cooperation with the associations of refrigeration technicians.

Verification and reporting

2. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Niger for related auditing. Based on discussion with the Lead IA, Niger should select the independent organization (auditing) to carry out the verification of the TPMP results and this independent monitoring programme.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities to be 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) Assisting the Country in preparation of the Annual Implementation Programme;

- (c) 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 consistent with Appendix 5-A. In case the Executive Committee selects Niger consistent with paragraph (d) of decision 45/54, separate funding will be provided by the Executive Committee to the Lead IA for this undertaking;
- (d) Ensuring that the achievements in previous annual implementation programmes are reflected in the future annual implementation programme;
- (e) Reporting on the implementation of the Annual Implementation Programme of 2008 and preparing for annual implementation programme for 2009 for submission to the Executive Committee.
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (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) Providing verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets, if requested by the Executive Committee;
- (j) Coordinating the activities of the Cooperating IA;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA will:

- (a) Provide policy development assistance when required;
- (b) Assist Niger in the implementation and assessment of the activities funded for by the Cooperating IA; and
- (c) Provide reports to the Lead IA on these activities, for inclusion in the consolidated reports.

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 \$10,000 per ODP tonne of reductions in consumption not achieved in the year.
