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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

PROJECT PROPOSAL: UGANDA

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) France

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Uganda

(I) PROJECT TITLE	AGENCY
ODS phase out plan	France

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)			Year: 2006	
CFC: 0	CTC: 0	Halons: 0	MB: 0	TCA: 0

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)						Year: 2007							
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC													0.
CTC													0.
Halons													0.
Methyl Bromide													0.
TCA													0.

(IV) PROJECT DATA			2008	2009	2010	2011	2012	2013	2014	2015	Total
Montreal Protocol Consumption Limits		CFC	1.9	1.9							
		CTC	0.1	0.1							
Maximum Allowable Consumption (ODP Tonnes)		CFC	1.9	1.9							
		CTC	0.	0.							
Project Costs (US$)	France	Project Costs	152,500.	62,500.							215,000.
		Support Costs	19,825.	8,125.							27,950.
Total Funds Requested for Current Year (US$)		Project Costs	152,500.								152,500.
		Support Costs	19,825.								19,825.

(V) SECRETARIAT'S RECOMMENDATION:	For blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Uganda, the Government of France, as part of its bilateral contribution, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 55th Meeting. The activities proposed in the TPMP will be implemented on behalf of France by the Government of Germany through GTZ. The total cost of the TPMP as submitted is US $215,000 plus agency support costs of US $27,950. The project proposes the complete phase of CFCs by the end of 2009. The CFC baseline for compliance is 12.8 ODP tonnes, and 0.4 ODP tonnes of CTC.

Background

2. With regard to the phase-out of CFCs in the refrigeration servicing sector, at its 26th and 44thMeetings the Executive Committee allocated a total of US $100,000 to the Governments of Germany and France respectively for the implementation of an RMP and RMP update. Prior to the RMP, at the 19th Meeting, Uganda also received an allocation of US $56,000 for the implementation of a recovery and recycling programme implemented through UNDP. The RMP implementation included the finalisation of the ozone regulations for the country, as well as in the implementation of training programmes for customs officers and trainers of refrigeration technicians.

3. The implementation of the RMP and the RMP update in Uganda resulted in the training of 60 customs and enforcement officers and 77 refrigeration service technicians. The projects also facilitated the distribution of equipment including 15 recovery and recycling machines, as well as 12 identifiers. The submitted document indicates that there was very little to no ODS recovered from the recovery and recycling programme, and the equipment provided in 1996 have become obsolete and cannot be used anymore.

Policy and legislation

4. The specific regulation covering ODS was in place since 2001, and is embedded in the National Environment Act, adopted in 1995. This regulation places restrictions on the import of ODS into the country, including ODS-containing equipment. It also requires importers to register with the National Environmental Management Authority (NEMA) that gives approvals for imports. This regulation also prohibits the import/export of ODS from non-Parties to the Montreal Protocol.

Refrigeration servicing sector

5. Uganda reported a consumption of zero ODP tonnes of CFCs and CTC in 2006 and 2007. However, there are still stocks of CFC-12 circulating in the country, believed to be from imports from earlier years. There are about 70-100 established servicing companies in Uganda, both in the formal and informal sector, with an estimated technician population at around 700. Only about ten percent of these have been trained under the RMP.

6. The most commonly imported refrigerant into the country at present is HCFC-22, followed by HFC-134a. The demand for HFC-134a has been increasing steadily as prices have also been declining over the years and since most new equipment is non ODS based. Furthermore, the industry is not importing new CFC-12 but using up old stocks.

7. Prices of the refrigerants in 13.6 kg cylinders are: CFC-12 – US $6.00-8.00/kg; HCFC-22 – US $4.00-5.00/kg; and, HCF-134a – US $11.00-13.00/kg.

Activities proposed in the TPMP

8. The following activities are proposed to be implemented through the TPMP project:

(a) Additional training for customs officers to prevent illegal ODS trade;

(b) Additional training of refrigeration technicians in good practices and retrofit technologies;

(c) Specific training for MAC technicians;

(d) Implementation of an end user incentive programme for commercial refrigeration; and

(e) Project monitoring and reporting.

9. The Government of Uganda plans the complete phase-out 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. While Uganda has reported zero CFC imports from 2006 to 2007, the Government recognises that there is still CFC stock circulating which are possibly from imported material from earlier years. This remaining stock, along with the requirement for servicing refrigeration equipment using CFC-12 is the basis for the submission of this TPMP.

Level of funding and implementation modalities

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

(a) The country has zero CFC and CTC imports, but that there continues to be old CFC on the market;

(b) It also noted that the price of HFC-134a is low, and along with HCFC-22 is the favoured refrigerant available today;

(c) The recovery and recycling project approved at the 19th Meeting yielded very few results, and the equipment that was provided is now obsolete and can neither be used nor repaired;

(d) The TPMP proposes two types of training programmes, one for technicians that service domestic and other refrigeration equipment, and another specifically for MAC technicians to concentrate their training on retrofitting MAC equipment;

(e) The TPMP will, in the recovery and recycling component, not only provide equipment but will also establish a network to recover refrigerants in close cooperation with the Uganda Refrigeration Association; and

(f) The TPMP also requests assistance for funding activities for the CTC sector pursuant to Decision 35/57 which provides assistance to countries that have CTC baseline.

12. The Secretariat discussed with the implementing agency some technical issues related to the level of implementation of the RMP, and inquired in particular about the implementation of the recovery and recycling project and the status of remaining equipment supplied under this component even if it was outside the RMP implementation. It was clarified that attempts have been made to check whether this old equipment would still be used, but it would appear that repairs to it would cost more than the purchase of new. The Secretariat also discussed issues related to the proposal for an incentive programme for end users. It was explained that the incentive programme will target owners of commercial refrigeration equipment in particular cold rooms that are still ODS-based. The programme is envisaged to be implemented in close cooperation with the refrigeration association that will develop criteria for eligibility. The TPMP hopes that by encouraging the bigger equipment owners to retrofit the need for CFC-12 for servicing will be reduced.

13. The Secretariat also queried the type of assistance to be provided to CTC users. GTZ as the implementing agency explained that, while there are no CTC imports, there are still small users who continue to be unaware of the need to shift to alternatives so the funding will be used for awareness workshops with CTC users and to promote alternatives. It is understood that this will be the final assistance for Uganda in respect of CTC under the Multilateral Fund.

14. On the basis of the above information, the Secretariat and the Government of France agreed that the total cost for the TPMP will be US $215,000 plus support costs. There will be no further assistance provided for the CTC sector other than that included in this TPMP.

Agreement

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

RECOMMENDATION

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

(a) Approve, in principle, the terminal phase-out management plan for Uganda, at the amount of US $215,000 plus agency support costs of US $27,950 for the Government of France;

(b) Approve the draft agreement between the Government of Uganda and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;

(c) Urge the Government of France 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)	152,500	19,825	France

Annex I

DRAFT AGREEMENT BETWEEN UGANDA 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 Uganda (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 rows 2 and row 4 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 11 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. France has agreed to be the lead implementing agency (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 Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 13 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 to facilitate implementation of this Agreement. In particular, it will provide the Lead 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
Annex B:	Group II	CTC

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2008	2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	1.9	1.9	0	0
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	1.9	1.9	0	0
3.	Montreal Protocol reduction schedule of Annex B, Group II substances (ODP tonnes)	0.1	0.1	0	0
4	Max. allowable total consumption of Annex B, Group II substances (ODP tonnes)	0	0	0	0
5	Reduction from on-going projects (ODP tonnes)				
6	New reduction under plan (ODP tonnes)				
7	Unfunded reductions (ODP tonnes)				
8	Total annual reduction (ODP tonnes) Annex A, Group I		1.9		1.9
9	Total annual reduction (ODP tonnes) Annex B, Group II		0		0
10	Lead IA agreed funding (US $)	152,500	62,500		215,000
11	Total agreed funding (US $)	152,500	62,500		215,000
12	Lead IA support costs (US $)	19,825	8,125		27,950
13	Total agreed support costs (US $)	19,825	8,125		27,950
14	Grand total agreed funding (US $)	172,325	70,625		242,950

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Following approval of the first tranche in 2008, funding for the second tranche will be considered for approval not later than the second 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", within the National Ozone Unit (NOU).

2. The Lead IA will have a particularly prominent role in the monitoring arrangements because of its mandate to monitor ODS imports, whose records will be used as a crosschecking reference in all the monitoring programmes for the different projects within the terminal phase-out plan (TPMP). This organization, along with the Cooperating IA will also undertake the challenging task of monitoring illegal ODS imports and exports with advisements made to the appropriate national agencies through the National Ozone Unit (NOU).

Verification and reporting

3. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Uganda for related auditing. Based on discussion with the Lead IA, Uganda 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 Uganda 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 Uganda 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) Ensuring that disbursements made to the Country are based on the use of the indicators; 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 $10,000 per ODP tonne of reductions in consumption not achieved in the year.

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