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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

Addendum

PROJECT PROPOSAL: YEMEN

- **Add** the attached project evaluation sheet

- **Replace** paragraphs 13 and 14 as follows:

<u>MDI</u>

13. The Executive Committee, at its 51st Meeting, agreed in decision 51/34(d) *inter alia*, "to consider on a case-by-case basis requests for transition strategies to non-CFC MDIs in Article 5 Parties that did not have MDI manufacturing facilities, in accordance with decision 45/54, when the need for a strategy had been fully demonstrated and documented through the submission of the following information for the previous three years:

(a) CFC and non-CFC MDIs and dry-powder inhalers: sold or distributed within the Party, by active ingredient, brand/manufacturer, and source;

(b) Non-CFC MDIs and dry-powder inhalers: date approved, authorized for marketing, and/or launched in the territory of the Party; and

(c) CFC and non-CFC MDIs and dry-powder inhalers: estimated cost by active ingredient and source."

14. UNEP provided information regarding the use of MDIs in Yemen as follows:

(a) It is estimated that from Yemen's total population of 21,527,548 (2007), 6 percent are suffering from asthma or pulmonary diseases that need MDIs or DPI, for which only imported MDIs are being used. The registration of asthma medication is classified by type of active ingredient, form of delivery and the clinical and pharmacological properties of the medicine, and there is a system of classifying importation statistics of inhalers accordingly. Yemen does not classify types of inhalers (that is, CFC MDI and non-CFC MDI) when inhaler medication is being registered. An import licensing or permit system has been required for importation of asthma medication since September 1975;

(b) A prohibition of CFC MDI importation has not been put in place. Yemen has also no regulation to prohibit new registration of CFC MDI products for importation/sales, and has no supporting measures to encourage the use of non-CFC MDIs or dry powder inhalers (DPIs) to replace CFC MDIs. Further, Yemen has not launched public awareness activities to increase the awareness of stakeholders to the phase-out of CFC MDIs. A list of the MDIs imported into Yemen and the amount of imports was provided by UNEP;

(c) The total number of MDI units sold using CFCs or assumed to use CFCs was 174,725 in 2005, 252,076 in 2006 and 215,540 in 2007, for 12 different MDIs based on eight different ingredients or combinations. Of that, on average 89.7 percent were associated with one drug, trade name Vental with salbutamol as the active ingredient, and purchased from a pharmaceutical company from the Syrian Arab Republic where UNEP informed that it could not be ascertained whether the MDI was actually using CFC as a propellant. The sales price of this particular drug was at US $2 per unit, and about 33 percent lower than the next competitor (from Cipla in India), leading to the assumption that the device is indeed using CFC as a propellant. Yemen is also importing five non-CFC MDIs, of which one is using salbutamol, with a share of on average 78.3 percent of the non-CFC imports. This one non-CFC MDI using salbutamol represented about 13 percent of the salbutamol-MDI market in 2007, priced at about 65 percent higher than a CFC-based product from the same manufacturer (Cipla), also offered in Yemen. Salbutamol is the only ingredient/combination which can be found both as CFC and non-CFC MDI. Finally, DPIs are also imported into the country at, on average, 1,680 units/year, with an ingredient different from any of the CFC and non-CFC MDI; and

(d) For the transition from the use of CFC MDIs to non-CFC MDIs or DPIs, Yemen requests assistance to update the registration regulation for imported medicines, to carry out awareness activities, especially among asthma patients, and to train related authorities and institutions while focusing on doctors and their assistants. For this purpose, the National ODS phase-out plan (NPP) foresees funding of US $35,000.

COMMENTS

15. The Secretariat raised a number of issues with UNEP as the lead agency regarding the project in Yemen, with a special focus on the foam part of the commercial refrigeration manufacturing activities. The other issues raised and their related resolutions were:

(a) At the end of 2007, the remaining funding balance from the implementation of the RMP was US $184,900. UNEP informed the Secretariat that this balance is linked to a number of activities which have been and continue to be carried out, in particular related to training of customs officials (carried out in March 2008), refrigeration technicians (a further 14 training workshops scheduled for July/August 2008), and recovery and recycling equipment delivery, related training and, in particular, long-term monitoring. The Secretariat believes that the remaining activities do not interfere or overlap with the activities foreseen under the NPP;

(b) Yemen had received funding for phasing out the use of halon, specifically as part of a regional halon banking scheme in West Asia. While the Secretariat understands that the results did not meet the expectations of Yemen, it is also the case that in addition to the funding from the Multilateral Fund, this project received significant funds from the Government of Germany. Given that the contribution of the Multilateral Fund has already exhausted the eligibility of Yemen for support for the phase-out of halon, UNEP agreed with the Secretariat that no further funding for halon phase-out would be available;

(c) Yemen has requested funding for an MDI transition strategy. After review of the information provided by UNEP, which appears to sufficiently fulfill the requirements of decision 51/34, the Secretariat can recommend the strategy for approval at the requested funding level of US $35,000; and

(d) The original project submission included activities in the sub-sector of commercial refrigeration, where ten companies were to be converted from CFC-11 and CFC-12 for foam blowing and refrigeration systems to HCFC-141b and HFC-134a. In light of the recent decision XIX/6, the Secretariat requested UNEP and UNIDO as the co-implementing agencies working in the sub-sector to consider other non-ODS alternatives;

(i) The enterprises in the sub-sector are very small, with a CFC-11 consumption for foam blowing of, on average, slightly above four tonnes per year. Accordingly, their baseline equipment was very basic, consisting of low-pressure foaming machines. The conversion to HCFC-141b would have been possible by relatively simple means, leading to requested investments of US $30,000 per enterprise, and continuing the use of low-pressure foaming machines;

(ii) HFC-245fa and pentane were identified as potential alternatives. Both technologies are presently not available in the country, so creating the need to establish a system house in the country to enable the use of the new technology to be viable for the companies concerned, and to ensure supplies of the necessary chemicals. Because of the unusually high temperatures in Yemen and safety issues both technologies require high pressure foaming machines to be used. Pentane technology needs, in addition, certain safety equipment to be installed and maintained. HFC-245fa would require follow-up monitoring as long as HFC-245fa foam manufacturing remains more expensive than HCFC-141b foam manufacturing, to reduce the risk of backward conversion; and

(iii) Taking into consideration the submission of this project shortly before phase-out of CFC-11 and the potentially problematic supply situation, as well as typical implementation times, the enterprises concerned might have to use HCFC-141b as a CFC-11 replacement for some time, no matter how inadequate that solution might be without technical changes. Since such a use would influence strongly Yemen's HCFC-141b consumption, currently being according to country programme reporting at a level of 6.8 metric tonnes (while the CFC-11 consumption in this project is 40 tonnes), the Secretariat proposed to provide a ceiling for Yemen's eligibility for future HCFC-141b phase-out projects. It was agreed that the country would be precluded from applying for or receiving funding for the phase-out of HCFC-141b beyond a limit of the aggregated HCFC-141b consumption of those enterprises to be identified under the forthcoming HPMP preparation, which are deemed eligible under the Multilateral Fund guidelines for HCFC phase-out. This will exclude all commercial refrigeration manufacturing enterprises which are beneficiaries under this phase-out plan. It would also avoid potential double funding by the Multilateral Fund.

(e) The original submission included a funding request for the service sector, and provided data on the consumption in the service sector (187.6 ODP tonnes, of that eligible 69.9 ODP tonnes) in comparison to the commercial refrigeration sector (81.1 ODP tonnes). The funding request for the service sector was US $1,130,300. Taking into account the typical cost effectiveness of such projects, as well as the funding provided for the service sector in LVC with a lower eligible service sector consumption through TPMPs, UNEP and the Secretariat agreed on a funding level of US $565,000, which includes monitoring of the service sector activities and PMU funding. With the MDI transition strategy and the verification costs, but without the commercial refrigeration sector, the NPP would result in costs of US $620,000;

(f) The Secretariat discussed the level of funding for foam blowing in the commercial refrigeration sub-sector under the NPP covering three options: The use of HCFC-141b as originally requested with certain reductions subsequent to a review of the cost; the use of HFC-245fa, including new high pressure foaming machines, with increased monitoring, testing and establishment of a system house; and the use of pentane (HC) technology. The second and third options include unavoidable technological upgrade from low-pressure to high-pressure foaming machines, which is covered by decision 26/70 and allows the Executive Committee to determine the incremental capital costs, on a case-by-case basis, to be up to 19% lower than the actual capital cost. However, in this particular case, the enterprises would prefer a conversion to HCFCs, with no issue of technology upgrade. In addition, since this would be the first project with HFC-245fa or hydrocarbon technology, which will also only be introduced in the country as part of this project, the costs for the enterprises and the final equipment cost remain uncertain. In the absence of any decision of the Executive Committee mandating the conversion to non-HCFC technologies to achieve CFC phase-out, the Secretariat and the agencies agreed that, on an exceptional basis, the technological upgrade caused by a direct conversion of small companies from CFC-11 to non-ODS will not lead to a reduction of the incremental share in the investment cost related to unavoidable upgrade of technology. At the same time, it was agreed and stipulated in the draft agreement that the funding provided for activities related to the commercial refrigeration sub-sector cannot be used for other activities, and that any funds remaining from those activities after implementation will be returned to the Multilateral Fund. In the commercial refrigeration sector, the duration of incremental operating cost can be calculated for two years as per decision 28/44. An alternative agreement was reached to apply a cap of 10 percent of the incremental capital cost for the activities as foreseen in decision 15/45 for HFC-245fa, and to use the same amount for determining the costing of the pentane conversion. The table below depicts the cost of the NPP for the different technology options in the foam part; and

Sector and sub-sector	**Technology (foam part)**		
	HCFC	HFC	HC
Activities:	(in US $)		
Policy enforcement and curbing illegal trade	100,000	100,000	100,000
Refrigeration training and certification	160,000	160,000	160,000
Technical assistance for servicing sector	165,000	165,000	165,000
MDI transition strategy	35,000	35,000	35,000
PMU, monitoring, verification	160,000	160,000	160,000
Conversion of the last ten commercial refrigerator manufacturers:			
Refrigeration	80,000	80,000	80,000
Foam part (investment)	350,000	1,550,000	3,200,000
Foam part (non-investment)	100,000	120,000	100,000
Foam part (incremental operation cost)	45,000	167,000	167,000
Total	1,195,000	2,537,000	4,167,000
Eligibility using existing cost effectiveness thresholds:	1,799,139		

(g) The funding necessary for the non-HCFC options is significantly above the cost-effectiveness threshold. This is essentially related to the very small size of the enterprises concerned, which increased the phase-out related cost significantly, and to the high cost of introducing a technology yet unavailable in the country. The cost-effectiveness threshold, when established *inter alia* on the basis of ample experience with HCFC-141b technology for smaller enterprises, could not take these issues into account. The agencies have signalled that the country would also be content with a decision from the Executive Committee to fund either a HCFC solution or a hydrocarbon solution, but only on the understanding that should HCFC-141b be used, the Executive Committee would allow the country to come back for subsequent funding for HCFC-141b phase-out in order to meet its phase-out commitments under the accelerated HCFC schedule.

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

RECOMMENDATION

16. In light of the recent developments and decision XIX/6 of the Meeting of the Parties, the Secretariat feels unable to recommend a conversion to HCFC-141b in this case. Therefore, the most cost effective option would appear to be the use of HFC-245fa as a foam blowing agent, since the cost above the threshold, of US $737,861, would not be sufficient to fund a second conversion from HCFC-141b in 10 enterprises.

17. The Executive Committee might wish to consider:

(a) Approving, in principle, the National ODS phase-out plan for Yemen, at the amount of US $455,000 plus agency support costs of US $59,150 for UNEP and US $2,082,000 plus support costs of US $156,150 for UNIDO, on the understanding that:

(i) The Government of Yemen will not request any more funding from the Multilateral Fund in relation to phase-out of CFC-MDI in the country;

(ii) The project will monitor the use of blowing agent in the beneficiary enterprises of the commercial refrigeration sector activities to ensure use of the agreed blowing agents once implementation of the related activities has been completed;

(iii) The elements of calculation of the incremental cost related to technology upgrade do not establish a precedence for future projects, in particular not for the phase-out of HCFC; and

(iv) The country has agreed that its eligibility for funding for HCFC-141b phase-out is limited to a maximum level of 11.6 metric tonnes of HCFC-141b, as stipulated in the Agreement;

(b) Approving the draft agreement between the Government of Yemen and the Executive Committee for the implementation of the National ODS phase-out plan as contained in Annex I to this document;

(c) Urging 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) Approving 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)	National ODS phase-out plan (first tranche)	315,000	40,950	UNEP
(b)	National ODS phase-out plan (first tranche)	1,838,500	137,888	UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Yemen

(I) PROJECT TITLE	AGENCY
ODS phase out plan	UNEP, UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)			Year: 2006	
CFC: 394.7	CTC: 0	Halons: 1.2	MB: 36.7	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				81.1	187.6								268.7
CTC													0
Halons			.7										0.7
Methyl Bromide											35.7		35.7
TCA									0.				0

(IV) PROJECT DATA			2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	269.4	269.4		
		TCA	0.6	0.6	0.3	
Maximum Allowable Consumption (ODP Tonnes)		CFC	268.7	268.7		
		TCA		0.6	0.3	
Project Costs (US$)	UNEP	Project Costs	315,000.	140,000.		455,000.
		Support Costs	40,950.	18,200.		59,150.
	UNIDO	Project Costs	1,838,500.	243,500.		2,082,000.
		Support Costs	137,888.	18,263.		156,151.
Total Funds Requested for Current Year (US$)		Project Costs	2,153,500.			2,153,500.
		Support Costs	178,838.			178,838.

(V) SECRETARIAT'S RECOMMENDATION:	For individual consideration

Annex I

DRAFT AGREEMENT BETWEEN YEMEN 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 Yemen (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 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, and that it is precluded from applying for or receiving funding from the Multilateral Fund for the phase-out of HCFC-141b beyond a limit of the aggregated HCFC-141b consumption of those enterprises to be identified under the forthcoming HPMP preparation, which are deemed eligible under the Multilateral Fund guidelines for HCFC phase-out as valid at the time of submission of an HPMP. This will exclude all commercial refrigeration manufacturing enterprises which are beneficiaries under this phase-out plan.

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 7 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;

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. Reallocations from the budget foreseen for the implementation of activities related to the commercial refrigeration sub-sector cannot be reallocated to other activities. Any remaining funds will be returned to the Multilateral Fund Secretariat upon closure of the last phase of the project.

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 8 and 9 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	CFCs
Annex B:	Group III	TCA

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2008	2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	269.4	269.4	0	
2	Max allowable total consumption of Annex A Group I substances (ODP tonnes)	268.74	268.74	0	
3	Montreal Protocol reduction schedule of Annex B, Group III substances (ODP tonnes)	0.63	0.63	0.27	
4	Max allowable total consumption of Annex B, Group III substances (ODP tonnes)	0.63	0.63	0.27	
5	Lead IA agreed funding (US $)	315,000	140,000		455,000
6	Cooperating IA agreed funding (US $)	1,838,500	243,500		2,082,000
7	Total agreed funding (US $)	2,153,500	383,500		2,537,000
8	Lead IA support costs (US $)	40,950	18,200		59,150
9	Cooperating IA support costs (US $)	137,888	18,263		156,151
10	Total support cost	178,838	36,463		215,301
11	Total agreed costs (US $)	2,332,338	419,963		2,752,301

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the second tranche will be considered for approval at the last 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. Government of Yemen in consultation with UNEP will select and contract an independent local organization/firm to undertake this task and report annually on the outcomes and deliverables of the National ODS phase-out plan (NPP). The selection of this organization/firm will depends on the outcomes of the capacity building exercise as proposed in the policy component of the NPP.

2. The organisation will have full access to all financial and technical data and information concerning the implementation of the Plan to phase out the substances for reliable data collection and cross checking.

3. The organisation will prepare and submit to the NOU and Lead IA reports of activities on a quarterly basis and the reports on the status of implementation of the Plan to phase out the substances and consumption figures annually for consideration and follow up.

4. The responsibility of the selected organization will be:

(a) To develop and present to UNEP and NOU the approach to independent monitoring of the NPP implementation;

(b) To undertake independent monitoring of all the activities implemented in the NPP;

(c) To undertake independent annual monitoring, through site-visits, of the commercial refrigeration enterprises receiving support through this project, determining amount of and substance used as blowing agents, with at least one visit shortly before implementation of the NPP is being completed, and report the findings to the NOU and UNEP;

(d) To present reports on NPP implementation status and CFC consumption in the country on half-yearly basis;

(e) To prepare periodic (annual) assessment of the consumption of ODS in the refrigeration sector and evaluate the impact of the projects being undertaken; and

(f) To take into consideration comments and recommendations of UNEP and NOU on activities and react accordingly.

5. The NOU will be responsible for:

(a) Providing the selected organization with all relevant information in possession;

(b) Providing the selected organization with full information on NOU activities and partners;

(c) Providing the selected organization with the necessary support/documentation to ensure its access to relevant official institutions and other organizations; and

(d) Providing the reasonable support in independent data collection.

Verification and reporting

6. Based on discussion with the country, the Lead IA, should mandate an independent organization to carry out the annual verification of the NPP and of the consumption of the substances mentioned in Appendix 1-A.

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 Yemen 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 Yemen 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, and ensuring appropriate sequence of activities;

(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 Yemen in the implementation and assessment of the activities funded for by the Cooperating IA, and refer to the lead IA to ensure a co-ordinated sequence in the activities; 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 $33,603 per ODP tonne of reductions in consumption not achieved in the year.

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