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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

Addendum**PROJECT PROPOSALS: NIGERIA**

This addendum is issued to:

- **Replace UNDP with UNIDO** for the project “Terminal phase out in the aerosol sector” on page 1
- **Replace UNDP with UNIDO** in the second column (Filling plant- Aerosol) of the table on page 2
- **Add** the following paragraph:

50. bis. Subsequent to the preparation of the Secretariat's evaluation sheet, final adjustments have been made to the level and distribution of funding and of phase-out in annual tranches. Support costs have been agreed with the implementing agencies. For those parts of the plan being implemented in tranches, support costs have been established on the basis of nine percent for project activities and five percent for management and implementation activities to be undertaken by Nigeria. For the parts of the plan being funded with single payments (UNIDO commercial refrigeration and aerosol components), support costs are calculated on the basis of 13 percent / 11 percent of the value of the project and 6 percent for retroactive components. First implementation plans are being finalised for the year 2003. Finally, a draft agreement has been developed encompassing all the sectors and consolidating them into a draft national CFC phase-out plan for Nigeria (copy attached). The draft national CFC phase-out plan is submitted for the consideration of the Executive Committee.

- **Add** the Draft Agreement for the National CFC Phase-out Plan for Nigeria.

Agreement for the National CFC Phase out Plan for Nigeria (Draft)

1. The Executive Committee approves in principle a total of US \$13,160,386, excluding agency support costs, in funding for the phased reduction and complete phase out of consumption of Annex A, Group I, chemicals in Nigeria. This is the total funding that would be available to Nigeria from the Multilateral Fund for the total elimination of the use of Annex A, Group I, chemicals in Nigeria. The agreed level of funding would be paid out in installments in the exact amount of US dollars specified in paragraph 2, and on the basis of the understanding set out in this Agreement.

2. By this Agreement, Nigeria commits that in exchange for the funding level specified below in Table 1, it will eliminate its total Annex A, Group I CFC consumption in accordance with the annual consumption limits given in Table 1 and the performance targets in this Agreement and as detailed in the annual implementation programmes.

Table 1: Funding levels and profile under the National CFC Phase-out Plan

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTAL | |
|--|----------------------------------|--------------|--------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Montreal Protocol consumption limits (ODP tonnes) | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 1,825 | 1,825 | 547.5 | 547.5 | 547.5 | 0 | n/a | |
| Reported/Expected Consumption ODP tonnes | 4094.8* | 4,115.5 | 3,686.2 | - | - | - | - | - | - | - | - | - | |
| Maximum allowable total consumption (ODP tonnes) | - | - | - | 3,352.7 | 3,137.0 | 1,725.4 | 1,015.9 | 507.6 | 286.1 | 86.1 | 0 | - | |
| Reduction from ongoing projects (ODP tonnes) | 171.3 | 429.3 | 333.5 | 194.2 | 560.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 1689.0 | |
| New reduction under plan (ODP tonnes) | 0.0 | 0.0 | 0.0 | 0.0 | 850.9 | 688.0 | 491.8 | 200.0 | 200.0 | 64.6 | 0 | 2,495.3 | |
| Ineligible ODS reduction (ODP tonnes) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16.5 | 0.0 | 0.0 | 0.0 | 0 | 16.5 | |
| Reduction for I.S. component @\$12.1 per kg (ODP tonnes) | 0.0 | 0.0 | 0.0 | 21.5 | 0.0 | 21.5 | 0.0 | 21.5 | 0.0 | 21.5 | 0 | 86.0 | |
| Total annual reduction | 171.3 | 429.3 | 333.5 | 215.7 | 1,411.6 | 709.5 | 508.3 | 221.5 | 200.0 | 86.1 | 0 | 4,286.8 | |
| Annual funding instalments where applicable in US \$ | UNDP agreed funding | - | - | 5,043,529 | 2,976,827 | 2,077,141 | 797,122 | 489,181 | 385,000 | 341,200 | 113,000 | 0 | 12,223,000 |
| | UNDP support costs | - | - | 449,318 | 264,834 | 183,863 | 69,261 | 42,146 | 32,770 | 28,228 | 8,290 | 0 | 1,078,710 |
| | UNIDO agreed funding | - | - | 682,386 | 255,000 | - | - | - | - | - | - | 0 | 937,386 |
| | UNIDO support cost | - | - | 82,521 | 33,150 | - | - | - | - | - | - | 0 | 115,671 |
| | Total agreed funding | - | - | 5,725,915 | 3,231,827 | 2,077,141 | 797,122 | 489,181 | 385,000 | 341,200 | 113,000 | 0 | 13,160,386 |
| | Total agency support cost | - | - | 531,839 | 297,984 | 183,863 | 69,261 | 42,146 | 32,770 | 28,228 | 8,290 | 0 | 1,194,381 |
| | Total cost to MLF | - | - | 6,257,754 | 3,529,811 | 2,261,004 | 866,383 | 531,327 | 417,770 | 369,428 | 121,290 | 0 | 14,354,767 |

* The starting point for reductions in consumption is the 1999 reported data of 4268.8 ODP tonnes.

Notes: A breakdown of the above table showing details by sector is shown in Table 2 at the end of this Agreement.

3. In order to assist Nigeria in establishing its implementation structure within the country, achievement of Nigeria's 2003 reduction targets, and to initiate measures necessary to meet the other reduction targets included in Table 1, the Executive Committee decides at its 38th Meeting to provide US \$5,725,915 plus agency support costs to Nigeria.
4. The Executive Committee also agrees in principle to payments in 2003 and subsequent years in the exact amount listed in Table 1, subject to:
 - (a) Achievement of the consumption limits and reductions specified in Table 1 and the other performance requirements contained in this agreement;
 - (b) Compliance with the performance indicators contained in relevant annual implementation programme; and
 - (c) Approval of annual implementation programme for the following year.
5. Thus, for example, the payment indicated in year 2002 will be for activities to be implemented in 2003, and so on. The Executive Committee will strive to provide the specified funding at the last meeting of the year concerned.
6. Payments noted in Table 1, other than the payments in 2002 and 2003, will be released based on confirmation that: the agreed maximum consumption targets noted in Table 1 for the previous year have been achieved; it has been verified that the amounts specified for CFC phase-out have been achieved, and that a substantial proportion of the activities planned for the previous year were undertaken in accordance with the annual implementation plan.
7. For example, payment in 2004 for the 2005 implementation programme will be conditional on satisfactory verification that Nigeria has, as a minimum: met its consumption targets for 2003 as specified in Table 1, and; completed any 2002 implementation activities and the 2003 activities planned for completion before the 2003 reporting date. Payment in 2005 for the 2006 implementation plan will be released based on confirmation that the 2004 consumption targets have been met, and so on for future years.
8. The Government of Nigeria agrees to ensure accurate monitoring of the phase-out. The Government of Nigeria will provide regular reports, as required by its obligations under the Montreal Protocol and this Agreement. Consumption figures reported under this Agreement will be, as a minimum, consistent with Nigeria's compliance with the Montreal Protocol regarding Annex A, Group I CFCs and will be reported to the Ozone Secretariat pursuant to Article 7 of the Montreal Protocol.
9. The Government of Nigeria also agrees to allow independent verification audits as provided for in this Agreement, a biennial verification to be implemented as part of the relevant annual work programme of monitoring and evaluation of the Multilateral Fund and; in addition, such external evaluation as may be directed by the Executive Committee, to verify that annual CFC reduction targets and consumption levels correspond to those agreed in Table 1 and that implementation of the National CFC Phase-out Plan proceeds as scheduled and agreed in annual implementation programmes.

10. The National CFC Phase-out Plan for Nigeria may include estimates of specific funds that are thought to be needed for specific items. Notwithstanding this, the Executive Committee wishes to provide Nigeria with maximum flexibility in using the agreed funds to meet the reduction targets and the consumption limits agreed in Table 1. The Executive Committee understands that during implementation, the funds provided to Nigeria pursuant to this Agreement may be used in any manner consistent with this Agreement that Nigeria believes will achieve the smoothest possible CFC phase-out, consistent with operational procedures as agreed between Nigeria, UNDP as the lead implementing agency, and UNIDO as co-implementing agency, in the National CFC Phase-out Plan for Nigeria as revised and as indicated in the annual implementation programmes. In the Executive Committee's acknowledgement of the flexibility available to Nigeria to achieve a complete CFC phase-out, it is noted that Nigeria is committing to contribute the level of resources necessary to implement the plan and to achieve the consumption limits in Table 1 of this Agreement.

11. The Government of Nigeria agrees that the funding agreed in principle by the Executive Committee at its 38th Meeting for complete phase out of consumption of Annex A, Group I substances is the total funding that will be available to Nigeria to allow its full compliance with the reductions in consumption and the phase-out as agreed with the Executive Committee of the Multilateral Fund, and that no additional Multilateral Fund resources will be forthcoming for any additional activities related to phase out of Annex A Group I substances. It is also understood that aside from the agency fee referred to in paragraph 13 below, the Government of Nigeria, the Multilateral Fund, and its implementing and bilateral agencies will neither request nor provide further Multilateral Fund-related funding for the accomplishment of the total phase-out of Annex A, Group I substances.

12. The Government of Nigeria agrees that if the Executive Committee meets its obligations under this Agreement, but Nigeria does not meet the phase-out and reduction requirements outlined in Table 1, and other requirements outlined in this document, the implementing agency and the Multilateral Fund will withhold funding for subsequent tranches of funding stipulated in Table 1 until such time as the required reduction has been met. It is clearly understood that the fulfilment of this Agreement depends on satisfactory performance of its obligations by both the Government of Nigeria and the Executive Committee of their obligations. In addition, Nigeria understands that with respect to all calendar year targets beginning with 2003, as set out in paragraph 2 of this agreement, the Multilateral Fund will reduce the subsequent tranche and therefore the total funding for Annex A, Group I substances phase-out on the basis of US \$[10,540] per ODP tonne of reduction not achieved in any year.

13. For UNDP, a fee of 5 percent of the annual funding for project implementation and monitoring and 9 percent of the annual funding for all other activities has been agreed in accordance with the provisions of this Agreement, and distributed as shown in Table 1. Since UNIDO's activities consist of two terminal projects with no management components, the support costs are calculated separately, using 13 percent for the first US \$500,000 and 11 percent thereafter for each individual project, with the required adjustment for the retroactive component (6 percent) of the refrigeration project.

14. The components of National CFC Phase-out Plan related to the phase-out plan for the foam manufacturing sector and for the refrigeration-servicing sector were prepared with the assistance of UNDP and the phase-out plan for the refrigeration manufacturing sector and the

aerosol sector were prepared with assistance from UNIDO. UNDP, as the lead implementing agency, will assist the Government of Nigeria to carry out all activities required to achieve the above targets and implement the overall National CFC Phase-out Plan, and also activities related to policy and regulatory development. UNIDO, as a co-implementing agency, will provide necessary support and assistance to Nigeria for activities related to the refrigeration manufacturing sector and aerosol sector.

15. As the lead implementing agency, UNDP will be responsible for the following:

- (a) Ensuring performance and financial verification in accordance with this Agreement and with specific UNDP procedures and requirements as specified in the National CFC Phase-out Plan for Nigeria, as revised;
- (b) Providing verification to the Executive Committee that the consumption targets listed in Table 1 and the associated annual activities have been met;
- (c) Assisting Nigeria in preparation of annual implementation programmes;
- (d) Ensuring that achievements in previous annual programmes are reflected in future programmes;
- (e) Reporting on the implementation of the annual implementation programmes commencing with the submission for the 2004 annual implementation programme to be prepared and submitted in 2003;
- (f) Ensuring that technical reviews undertaken by UNDP are carried out by appropriate independent technical experts;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the programme, and accurate data reporting;
- (i) Verification for the Executive Committee that national Annex A, Group I consumption for Nigeria has been completed based on the schedules listed in Table 1;
- (j) Ensuring that disbursements are made to Nigeria based on agreed performance targets in the annual work programme and provisions in this Agreement; and
- (k) Providing policy development assistance when required.

16. UNIDO, as co-implementing agency, will:

- (a) Assist the Government of Nigeria in the implementation and verification of the activities funded by UNIDO – namely phase-out in the refrigeration manufacturing sector and in the aerosol sector; and

- (b) Provide reports to UNDP on these activities, for inclusion in the consolidated reports.

17. The funding components of this Agreement shall not be modified on the basis of future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the country.

Table 2: Sectorwise Details of Funding levels and profile under the National CFC Phase-out Plan

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTAL |
|---|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|-------------|----------|----------------|
| Montreal Protocol consumption limits (ODP tonnes) | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 1,825 | 1,825 | 547.5 | 547.5 | 547.5 | 0 | N/a |
| Reported/Expected Consumption | 4094.8* | 4,115.5 | 3,686.2 | - | - | - | - | - | - | - | - | - |
| Maximum allowable total consumption (ODP tonnes) | - | - | - | 3,352.7 | 3,137.0 | 1,725.4 | 1,015.9 | 507.6 | 286.1 | 86.1 | 0 | - |
| Reduction from ongoing projects - foam sector | 167.8 | 426.3 | 310.5 | 179.3 | 552.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 1636 |
| Reduction from ongoing projects – refrigeration sector | 3.5 | 3.0 | 23.0 | 14.9 | 8.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 53 |
| Reduction from ongoing projects - aerosol sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| Total Reduction from all ongoing projects (ODP tonnes) | 171.3 | 429.3 | 333.5 | 194.2 | 560.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 1689 |
| New reduction under plan – foam sector | 0.0 | 0.0 | 0.0 | 0.0 | 777.9 | 538.0 | 291.8 | 0.0 | 0.0 | 0.0 | 0 | 1607.7 |
| New reduction under plan – refrigeration sector | 0.0 | 0.0 | 0.0 | 0.0 | 15.0 | 150.0 | 200.0 | 200.0 | 200.0 | 64.6 | 0 | 829.6 |
| New reduction under plan – aerosol sector | 0.0 | 0.0 | 0.0 | 0.0 | 58.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 58 |
| Total New reduction under plan (ODP tonnes) | 0.0 | 0.0 | 0.0 | 0.0 | 850.9 | 688.0 | 491.8 | 200.0 | 200.0 | 64.6 | 0 | 2495.3 |
| Ineligible ODS reduction – Foam sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16.5 | 0.0 | 0.0 | 0.0 | 0 | 16.5 |
| Ineligible ODS reduction – refrigeration sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| Ineligible ODS reduction – aerosol sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| Total Ineligible ODS reduction (ODP tonnes) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16.5 | 0.0 | 0.0 | 0.0 | 0 | 16.5 |
| Total annual reduction (ODP tonnes) - Foam sector | 167.8 | 426.3 | 310.5 | 179.3 | 1,330.0 | 538.0 | 308.3 | 0.0 | 0.0 | 0.0 | 0 | 3,260.2 |
| Total annual reduction (ODP tonnes) - Refrigeration sector | 3.5 | 3.0 | 23.0 | 14.9 | 23.6 | 150.0 | 200.0 | 200.0 | 200.0 | 64.6 | 0 | 882.6 |
| Total annual reduction (ODP tonnes) - Aerosol sector | 0.0 | 0.0 | 0.0 | 0.0 | 58.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 58 |
| Reduction for I.S. component @\$12.1 per kg | 0.0 | 0.0 | 0.0 | 21.5 | 0.0 | 21.5 | 0.0 | 21.5 | 0.0 | 21.5 | 0 | 86 |
| Total annual reduction (ODP tonnes)- all sectors | 171.3 | 429.3 | 333.5 | 215.7 | 1,411.6 | 709.5 | 508.3 | 221.5 | 200.0 | 86.1 | 0 | 4,286.8 |

* The starting point for reductions in consumption is the 1999 reported data of 4268.8 ODP tonnes.

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTAL |
|---|------|------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|--------------|----------|-------------------|
| UNDP agreed funding - Foam sector | - | - | 4,230,000 | 2,420,000 | 1,500,000 | - | - | - | - | - | 0 | 8,150,000 |
| UNDP agreed funding – Refrigeration Service sector | - | - | 813,529 | 556,827 | 577,141 | 797,122 | 489,181 | 385,000 | 341,200 | 113,000 | 0 | 4,073,000 |
| Total UNDP agreed funding (US \$) | - | - | 5,043,529 | 2,976,827 | 2,077,141 | 797,122 | 489,181 | 385,000 | 341,200 | 113,000 | 0 | 12,223,000 |
| UNDP support costs - Foam sector | - | - | 379,100 | 216,600 | 133,800 | - | - | - | - | - | 0 | 729,500 |
| UNDP support costs - Refrigeration Service sector | - | - | 70,218 | 48,234 | 50,063 | 69,261 | 42,146 | 32,770 | 28,228 | 8,290 | 0 | 349,210 |
| Total UNDP support costs (US \$) | - | - | 449,318 | 264,834 | 183,863 | 69,261 | 42,146 | 32,770 | 28,228 | 8,290 | 0 | 1,078,710 |
| UNIDO agreed funding - refrigeration manufacturing sector | - | - | 682,386 | - | - | - | - | - | - | - | 0 | 682,386 |
| UNIDO agreed funding - aerosol sector | - | - | - | 255,000 | - | - | - | - | - | - | 0 | 255,000 |
| Total UNIDO agreed funding (US \$) | - | - | 682,386 | 255,000 | - | - | - | - | - | - | 0 | 937,386 |
| UNIDO support cost - Refrigeration manufacturing sector | - | - | 82,521 | - | - | - | - | - | - | - | 0 | 82,521 |
| UNIDO support cost - Aerosol sector | - | - | - | 33,150 | - | - | - | - | - | - | 0 | 33,150 |
| Total UNIDO support cost (US \$) | - | - | 82,521 | 33,150 | - | - | - | - | - | - | 0 | 115,671 |
| Total agreed funding | - | - | 5,725,915 | 3,231,827 | 2,077,141 | 797,122 | 489,181 | 385,000 | 341,200 | 113,000 | 0 | 13,160,386 |
| Total agency support costs | - | - | 531,839 | 297,984 | 183,863 | 69,261 | 42,146 | 32,770 | 28,228 | 8,290 | 0 | 1,194,381 |
