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

PROJECT PROPOSAL: UNITED REPUBLIC OF TANZANIA

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 UNDP

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
UNITED REPUBLIC OF TANZANIA**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan	UNEP and UNDP
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NATIONAL CO-ORDINATING AGENCY:

Division of Environment – Vice-President's Office

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

Annex A, Group I	54.0		

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

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-12				54.03			

CFC consumption remaining eligible for funding (ODP tonnes)

n/a

CURRENT YEAR BUSINESS PLAN: Total funding US \$382,540: total phase-out 24 ODP tonnes.

PROJECT DATA		2008	2009	2010	Total
CFCs (ODP tonnes)	Montreal Protocol limit	38.1	38.1	-	n/a
	Annual consumption limit	38.1	38.1	-	n/a
	Annual phase-out newly addressed	15.9	38.1	-	54
Halons (ODP tonnes)	Montreal Protocol limit	0.1	0.1	-	n/a
	Annual consumption limit	0	0	-	n/a
	Annual phase-out newly addressed	0	0	-	0
CTC (ODP tonnes)	Montreal Protocol limit	0	0	0	n/a
	Annual consumption limit	0	0	-	n/a
	Annual phase-out newly addressed	0	0	-	0
TOTAL ODS CONSUMPTION TO BE PHASED OUT		0	0	54	54
Total ODS consumption to be phased-in (HCFCs)		0	0	0	0
Final project costs (US \$):					
Funding for Lead IA: UNEP		131,000	78,000	-	209,000
Funding for Cooperating IA: UNDP		204,000	72,000	-	276,000
Total project funding		335,000	150,000	-	485,000
Final support costs (US \$):					
Support cost for Lead IA: UNEP		17,030	10,140	-	27,170
Support cost for Cooperating IA: UNDP		15,300	5,400	-	20,700
Total support costs		32,330	15,540	-	47,870
TOTAL COST TO MULTILATERAL FUND (US \$)		367,330	165,540		532,870
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 United Republic of Tanzania, UNEP as the lead agency has submitted a terminal phase-out management plan (TPMP) for the phase out of ODS in the refrigeration and air-conditioning sector for the Executive Committee's consideration at its 54th Meeting. UNEP requested originally a total of US \$565,000 plus support cost for the Tanzania TPMP. After discussions with the Secretariat, this amount was reduced to US \$485,000 plus agency support costs. Of this total, the share for UNEP as the lead agency is US \$209,000 plus support cost of US \$27,170 and the share for UNDP is US \$276,000 plus support cost of US \$20,700. The CFC consumption baseline is 253.9 ODP tonnes.

Background

2. In 1995, a project for the phase-out of 150 ODP tonnes in the aerosol sector was approved with UNIDO as implementing agency. The project was completed in 1997. Three investment projects were approved for the foam sector, with UNDP as Implementing Agency. Only one of the projects was completed and phased out 42 ODP tonnes, the other two were cancelled. A project for the refrigeration manufacturing sector, which was originally approved in 1995 for UNIDO, was also cancelled.

3. The RMP for Tanzania was approved in November 1998 and has been largely implemented with assistance from GTZ Proklima. The RMP incorporated the following activities:

- (a) Support in the drafting of legislation, with ODS regulations approved by the Government in November, 2007 and their implementation and enforcement ongoing; and
- (b) A four days regional training workshop was conducted in 2003. Training of four refrigeration technician trainers was implemented as part of regional activities for 14 African countries during 1999. Thirty-two technicians were subsequently trained. Training workshops on recovery and recycling were conducted in 2004 and 2005. Twenty recovery machines and five recovery and recycling units were distributed to selected refrigeration service enterprises. A refrigerant reclaim unit was purchased to set up a national refrigerant reclaim centre.

4. The RMP update provided assistance in finalisation and approval of the ODS regulations; procurement of 18 ODS identifiers; and included training programmes for customs officers and for refrigeration servicing technicians. Under the RMP update project, 64 technicians have been trained on good refrigeration practices. Since the regulation had not been approved, further training of customs officers could not be provided. GTZ informed the Secretariat of their intention to continue the related implementation activities after the recent issuance of regulations, for which a budget of US \$70,000 is remaining.

5. Tanzania had a baseline consumption of CTC of 0.1 ODP tonnes, with zero consumption reported since 1999, and a baseline consumption of halon of 0.3 ODP tonnes, with zero consumption since 2000, according to the reported Article 7 consumption data.

Policy and legislation

6. In November 2007, Tanzania issued a regulation for a licensing system, demanding that to import CFC-12 an import license from the Division of Environment was necessary. The regulation is just in the beginning of its implementation, therefore experiences are not yet available.

Refrigeration-servicing sector

7. According to the project proposal the consumption of CFCs has shown an overall erratic pattern, but dropped in 2006 to 54.0 ODP tonnes, from 98.9 ODP tonnes in the previous year. Of that quantity, more than 34 ODP tonnes (HFC-134a: 0.078 tonne, HCFC-22: 4.5 tonnes) were consumed in the domestic refrigeration sub-sector. About 15.1 tonnes of CFC-12 (HFC-134a: 2.89 tonnes; HCFC-22: 2.63 tonnes) and 0.125 tonne of R502 was consumed for the servicing of commercial and industrial refrigeration equipment, and 4.49 tonnes CFC-12 (HFC-134a: 1.15 tonnes, HCFC-22: 1.52 tonnes) for mobile air conditioning. All of this consumption was used to service equipment. The current prices of refrigerants per kg are: US \$7 for CFC-12, US \$18 for HFC-134a, US \$5 for HCFC-22.

Activities proposed in the TPMP

8. The following activities are proposed to be implemented through the TPMP project:
- (a) Assistance for the implementation and enforcement of newly approved ODS regulations, including holding awareness workshops and developing and distributing awareness materials;
 - (b) Assistance for the additional training of customs officers and review of training modules/curricula to train about 300 customs, law and other enforcement officers in Tanzania on ozone issues and regulations; this activity is amending outstanding customs training activities by GTZ;
 - (c) Training for 300 refrigeration technicians and strengthening of the refrigeration association. The training will focus on good practices in refrigeration and in techniques for retrofitting refrigeration and MACs systems.
 - (d) A technical assistance and incentive programme for commercial and industrial refrigeration end-users, leading to the reduction of use of CFC refrigerants in the commercial and industrial refrigeration sector. Some commercial and industrial users of refrigeration equipment continue to use R502 and R12 and need assistance to retrofit or convert their equipment to non CFC refrigerants. The focus will be the food processing industry, hotels, hospitals, supermarkets and ice making machines;
 - (e) Complementing the previous activities, and promoting further recovery and recycling and good practices, technical assistance and equipment support will be provided through five regional recovery, recycling and retrofitting centres to be set up under the project. Tool kits essential to carry out retrofits, information and

further demonstration of practical skills will be provided to the technicians. The centres will be set up in the five highest CFC consuming regions; and

- (f) Finally, a monitoring component to ensure satisfactory implementation and subsequent follow-up is also foreseen.

9. A work plan for 2008 has been submitted with the TPMP proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. This is a resubmission of the TPMP for Tanzania, since the country has in November 2007 issued a regulation establishing a licensing system. Until then, GTZ was not in the position to complete their activities under the RMP, namely customs training, for which a considerable budget was remaining. The Secretariat discussed a number of items with UNEP, such as the impact on the budget of the customs training component of the RMP still to be implemented by GTZ, the need for equipment such as CFC identifiers, quantity and costs of awareness activities needed for the country, and others. Based on the discussions, UNEP revised the activities and reduced the budget accordingly.

11. The Secretariat reminded UNEP that the country has not submitted its 2006 nor 2005 country programme data and that, although the project is being reviewed, the Executive Committee decided to not approve any projects with outstanding data reporting. UNEP informed the Secretariat that the country and UNEP were working on preparing the country programme data. On 27 February, the Secretariat received the 2005 and 2006 country programme data.

Agreement

12. The Government of Tanzania submitted a draft agreement between the Government and the Executive Committee setting out the conditions for the complete phase-out of CFCs in Tanzania, and the sustained phase-out of other substances with a baseline above zero, namely CTC and halons. The draft agreement is contained in Annex I to the present document.

RECOMMENDATION

13. The Secretariat recommends blanket approval of the terminal phase-out management plan for the phase out of ODS in the refrigeration and air conditioning sector in United Republic of Tanzania. The Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for United Republic of Tanzania, at the amount of US \$485,000 plus agency support costs of US \$27,170 for UNEP and US \$20,700 for UNDP;
- (b) Approve the draft agreement between the Government of Tanzania 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 UNDP to take full account of the requirements of Executive Committee decisions 41/100 and 49/6 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)	131,000	17,030	UNEP
(b)	Terminal phase-out management plan (first tranche)	204,000	15,300	UNDP

Annex I

DRAFT AGREEMENT BETWEEN UNITED REPUBLIC OF TANZANIA 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 United Republic of Tanzania (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, 5, and 8 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 13 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 UNDP 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 14 and 15 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, CFC-115
Annex A	Group II	Halons
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)	38.1	38.1	-	n/a
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	38.1	38.1	-	n/a
3	New reduction under plan (ODP tonnes)	15.9	38.1	-	54
4	Montreal Protocol reduction schedule of Annex A, Group II substances (ODP tonnes)	0.1	0.1	-	n/a
5	Max. allowable total consumption of Annex A, Group II substances (ODP tonnes)	0	0	-	n/a
6	New reduction under plan (ODP tonnes)	0	0	-	0
7	Montreal Protocol reduction schedule of Annex B, Group II substances (ODP tonnes)	0	0	-	n/a
8	Max. allowable total consumption of Annex B, Group II substances (ODP tonnes)	0	0	-	n/a
9	New reduction under plan (ODP tonnes)	0	0	0	0
10	Total annual reduction (ODP tonnes)	0	0	54	54
11	Lead IA agreed funding (US \$)	131,000	78,000	-	209,000
12	Cooperating IA agreed funding (US \$)	204,000	72,000	-	276,000
13	Total agreed funding (US \$)	335,000	150,000	-	485,000
14	Lead IA support costs (US \$)	17,030	10,140	-	27,170
15	Cooperating IA support costs (US \$)	15,300	5,400	-	20,700
16	Total agreed support costs (US \$)	32,330	15,540	-	47,870
17	Grand total agreed funding (US \$)	367,330	165,540	-	532,870

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 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” within the National Ozone Unit (NOU).

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 United Republic of Tanzania for related auditing. Based on discussion with the Lead IA, United Republic of Tanzania 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 United Republic of Tanzania 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 United Republic of Tanzania 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.
