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Executive Committee of the  
Interim Multilateral Fund for the  
Implementation of the Montreal Protocol

Fifth Meeting  
Montreal, 18-22 November 1991

REPORT OF THE FIFTH MEETING OF THE EXECUTIVE COMMITTEE  
OF THE INTERIM MULTILATERAL FUND FOR THE IMPLEMENTATION  
OF THE MONTREAL PROTOCOL

## I. INTRODUCTION

1. The Fifth Meeting of the Executive Committee of the Interim Multilateral Fund for the Implementation of the Montreal Protocol was held at Montreal from 18 to 22 November 1991. The Meeting was convened in pursuance of decisions II/8 and II/8A adopted at the Second Meeting of the Parties to the Montreal Protocol, held in London from 27 to 29 June 1990 (UNEP/OzL.Pro/2/3).

## II. ORGANIZATIONAL MATTERS

### A. Opening of the Meeting

2. The Meeting was opened by Mr. J. Mateos (Mexico), Chairman of the Executive Committee. He drew attention to recent scientific data which showed that the ozone layer had suffered greater depletion than originally forecast. To date, the Fund had utilized approximately \$10 million, but to what extent had the production and consumption of CFCs decreased in countries operating under paragraph 1 of Article 5? He wondered how many more documents, signatures and procedures were required before progress could be made. The difficult stage of establishing the Fund had been concluded and it was now time to take concrete action. Mr. Ristimaki, the first Chairman of the Executive Committee, and Dr. Tolba, the Executive Director of the United Nations Environment Programme, had shown the way forward and promoted the new form of international cooperation of which the Executive Committee was the author and protagonist. The Executive Committee must be in a position to inform the Fourth Meeting of the Parties of the actual steps that had been taken to decrease production and consumption of CFCs in countries operating under paragraph 1 of Article 5.

3. The representative of UNEP conveyed the best wishes of the Executive Director of UNEP for the success of the meeting. He expressed satisfaction at the confidence in the Fund shown by countries operating under Article 5, paragraph 1, through the preparation of country programmes. He informed the Committee that the work of the three Assessment Panels (Scientific, Environmental, Technology and Economic) had been completed and their reports would be distributed to all governments by the end of 1991. The Open-Ended Working Group of the Parties would take place in Nairobi from 6-15 April 1992 and would discuss inter alia further elaboration of the financial mechanism and an indicative list of incremental costs. The Group had specifically requested that the views of the Executive Committee on those two issues should be transmitted to it. Recommendations by the Group would then be submitted to the Meeting of the Parties in November 1992 for a final decision.

### B. Attendance

4. The meeting was attended by representatives of the following countries, members of the Executive Committee in accordance with decision II/8 adopted by the Parties at their Second Meeting:
  - (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Canada, Finland, Germany, Japan, Netherlands, Union of Soviet Socialist Republics and United States of America;
  - (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Egypt, Ghana, Jordan, Malaysia, Mexico, Sri Lanka and Venezuela.
5. In accordance with the decision taken by the Executive Committee at its Second Meeting, representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank attended as observers.
6. Pursuant to the decision taken by the Executive Committee at its Second Meeting, the President of the Bureau of the Meeting of the Parties to the Montreal Protocol and a representative of the Inter-American Development Bank also attended.
7. Representatives of Friends of the Earth were also present.

### C. Adoption of the Agenda

8. The Meeting adopted the following agenda:
  1. Opening of the Meeting.
  2. Organizational matters:
    - (a) Adoption of the agenda;
    - (b) Adoption of the Draft Report of the Fourth Meeting of the Executive Committee.
    - (c) Organization of work.

3. Report by the Fund Secretariat:
  - (a) Secretariat activities;
  - (b) Contributions and Fund disbursements.
4. Agreements:
  - (a) Host country agreement between the United Nations Environment Programme and the Government of Canada;
  - (b) Draft agreement between the United Nations Environment Programme as the Treasurer of the Interim Multilateral Fund for the Montreal Protocol and the Executive Committee of the Interim Multilateral Fund established by the Parties to the Montreal Protocol.
5. Country programmes:
  - (a) Procedures for presentation of country programmes and project proposals to the Executive Committee;
  - (b) Individual country programmes:
    - Mexico
    - Malaysia
6. Implementing agencies:
  - Draft work programmes for 1992-1993 of the implementing agencies.
7. Evaluation of the impact of Fund activities on phase-out of CFCs.
8. Bilateral and regional contributions.
9. Contributions in kind.
10. Date and venue of the Sixth Meeting of the Executive Committee.
11. Other matters.
12. Adoption of the report.
13. Closure of the meeting.

D. Adoption of the Report of the Fourth Meeting  
of the Executive Committee

9. The draft report of the Fourth Meeting of the Executive Committee was adopted without amendment (UNEP/OzL.Pro/ExCom/4/13/Rev.2).

**III. SUBSTANTIVE MATTERS**

Agenda Item 3: Report by the Fund Secretariat:

- (a) Secretariat activities
- (b) Contributions and Fund disbursements

10. The Chief Officer reported on the activities of the Secretariat since the Fourth Meeting, introducing the relevant documents (UNEP/OzL.Pro/ExCom/5/2 and Corr.1).

11. In reply to points raised by members, the Chief Officer said that he would make available the reports on his mission to Mexico and the discussions with the representative of Venezuela upon request by any member of the Committee. Regarding meetings on the Global Environment Facility (GEF), he said that, as long as the Secretariat remained so short-staffed, it would be difficult for him to participate in the meetings.

12. The Executive Committee took note of the report and expressed satisfaction at the quality of the documentation. The Chief Officer paid tribute to the tireless efforts of his colleagues which had made possible the preparation of such a large number of documents in a short time.

13. In discussing the status of financial contributions, the Executive Committee appealed to those countries which had not yet fulfilled their pledges for 1991 to do so as soon as possible. A table showing the status of contributions and disbursements as at 31 October 1991 is contained in annex I to this report.

14. One member having asked for clarification concerning the link between the GEF and the Fund, the Chairman replied that no structural link between the GEF and the Fund existed.

15. The Chief Officer recalled that the Executive Committee had agreed at its Third Meeting to request him to present revised budgets for every year at the meeting of the Committee immediately preceding each calendar year. The Secretariat had accordingly prepared a revised estimated budget for 1992 which, together with a detailed analysis of the changes compared with the original budget, was submitted in document UNEP/OzL.Pro/ExCom/5/14.

16. The Executive Committee approved the revised estimates, which are contained in annex II to this report.

Agenda item 4: Agreements:

- (a) Host country agreement between the United Nations Environment Programme and the Government of Canada;

17. The Committee took note of the progress made in the negotiations and of the Chief Officer's statement that it was hoped that a draft text would be finalized before the end of the week.

- (b) Draft agreement between the United Nations Environment Programme as the Treasurer of the Interim Multilateral Fund for the Montreal Protocol and the Executive Committee of the Interim Multilateral Fund established by the Parties to the Montreal Protocol

18. The Committee approved the revised text of the draft agreement (UNEP/OzL.Pro/ExCom/5/4/Rev.1), with the deletion of paragraph 2.5, and authorized the Chairman to sign the agreement on behalf of the Executive Committee.

Agenda item 5: Country programmes:

- (a) Procedures for presentation of country programmes and project proposals to the Executive Committee;

19. The Chief Officer introduced the draft procedures (UNEP/OzL.Pro/ExCom/5/5). The Committee commended the Secretariat on the excellent work accomplished in drawing up the procedures. Several members considered that it might be difficult for countries operating under paragraph 1 of Article 5 to provide all the information specified and that, consequently, the document should be used for guidance. One member emphasized that it was important to ensure that the procedure was not made so difficult that it would have a negative effect by discouraging presentation of country programmes and projects.

20. The representative of UNDP suggested that in section 1.2, Status, a further sub-item should be added: whether a country study existed which had provided a basis for preparation of the Country Programme. The representative of the World Bank proposed that explicit mention should be made of the people who had been contacted in the course of preparing the Country Programme because that would be valuable subsequently in connection with monitoring.

21. The Chairman observed that it would be desirable to clarify the procedure for approval of country programmes and also to expand the text relating to evaluation. He proposed and the Committee agreed that an informal, open-ended working group should be set up to fine-tune the text of what was generally agreed to be an excellent document. He also stressed that it was important to maintain flexibility and that no document should be regarded as a unique source of guidance for the preparation of such programmes. The representatives of Canada, Germany, Ghana, Malaysia, the United States and Venezuela were requested to serve on the working group, together with a representative of the Secretariat.

(b) Individual country programmes: Mexico and Malaysia

22. The Chief Officer introduced the revised text of the draft procedures prepared by the working group (UNEP/OzL.Pro/ExCom/5/5/Rev.2). He emphasized that it should be viewed as a flexible document which provided guidelines to be followed.

23. The Committee adopted the revised text of the draft procedures for presentation of country programmes and project proposals to the Executive Committee as is contained in Annex III to this report.

24. The representative of Mexico, introducing the country programme (document UNEP/OzL.Pro/ExCom/5/6), reported that voluntary agreements had already been signed with 12 industries and further agreements of that nature would shortly be signed. He drew attention to the importance which his Government attached to the institutional framework for regulating controlled substances and in particular to the functions of the Ozone Protection Information Centre.

25. The representative of Malaysia introduced the document (UNEP/OzL.Pro/ExCom/5/13), which contained both the country programme and a description of two projects within that programme. He stated that the projects would give substantial results both speedily and cheaply. He also stated that a strategy document existed which went into greater detail and included specific targets for the reduction of ozone-depleting substances (ODSs).

26. The Chairman reminded the members of the Executive Committee that in their examination of country programmes they had a duty to decide which costs of any given project could be financed by the Fund. Such costs were termed "incremental costs" by the Parties to the Montreal Protocol in their decision II/8, Financial Mechanism, and an indicative list of them was set out in annex IV (appendix I) to the Report of the Second Meeting of the Parties. The Committee would have to decide whether the budgets of institutions such as the technical information centre described by Mexico should be identified as incremental costs. He pointed out that his remarks related to a basic issue and were not addressed solely to the programme submitted by Malaysia. They applied to projects covered by other items of the agenda, for example, those of the implementing agencies.

27. It was generally agreed that it was necessary to clarify what costs were or could be met from the resources of national Governments; from the private sector, either out of its current resources or through government loans on concessional terms; or from external sources such as bilateral programmes.

28. The country programmes and project proposals presented by Malaysia and Mexico were the first such matters presented to the Executive Committee for its consideration, therefore, the Committee carefully reviewed the proposals and decided the following:

- (a) Country programmes should be viewed as flexible instruments which set out the framework for that country's actions to meet the requirements of the Montreal Protocol. They should be prepared by countries to the extent possible based on the guidance approved by the Executive Committee in Section II of its interim Implementation Guidelines, as further elaborated in the revised model country programme document prepared by the Fund's Secretariat. The two country programmes presented to the Executive Committee should be reviewed by those countries in light of this guidance and consultations with the Fund's Secretariat. The countries should make any adjustments they deemed warranted and resubmit their country programmes prior to the next meeting of the Executive Committee. In addition, Egypt mentioned their initial case study and a list of projects for funding, which should also be resubmitted in accordance with the guidance approved by the Executive Committee at its Fifth Meeting.
- (b) Project proposals, where the agreed incremental costs exceeded \$500,000, submitted directly by Article 5 countries to the Executive Committee should be evaluated by the Fund's Secretariat which would prepare recommendations for action by the Executive Committee. Countries were encouraged to consult with the Fund's Secretariat during the course of any such project's preparation in order to provide comprehensive and consistent documentation. (Throughout this report, \$ signifies United States dollars.)
- (c) Guidelines for preparing country programmes and project proposals should be distributed to all Article 5, paragraph 1 Parties and implementing agencies by the Fund's Secretariat. Implementing agencies should apply the guidelines when cooperating with Parties operating under Article 5, paragraph 1.
- (d) Support for institutional strengthening within an Article 5 Party, though not explicitly contained in the guidelines on incremental costs adopted by the Parties, might, in exceptional cases, be an essential element in achieving the objectives of the Fund and the Montreal Protocol. As such, limited funding or assistance should be provided by the Fund for institutional strengthening. The level of such funding should be decided upon by the Executive Committee on the basis of a

recommendation from the Secretariat taking into consideration the amount of controlled substances consumed in that country and the linkage between the institutional strengthening and specific implementation projects.

- (e) The issue of whether the resources of the Fund should be available to support actions taken within an Article 5, paragraph 1 Party prior either to the approval of a specific project by the Executive Committee and implementing agency or to the project's inclusion in an implementing agency's work programme raised important policy issues that should be addressed by the next Executive Committee meeting. The Secretariat should prepare a discussion paper on the subject to facilitate review by the Committee, including recognition and consideration for developing countries which have accelerated implementation of their projects to phase out the consumption and emission of ODSs.
- (f) The Secretariat should, in consultation with the implementing agencies, develop and circulate draft guidelines for the presentation of projects by 1 January 1992.

29. Regarding the disbursement of funds, one member asked how it was proposed to control their utilization. Another member wondered what system would be used to allocate funds since it was obvious that not all requests for financing could be met. Clarification was also sought by members concerning whether or not a project's administrative costs could be met from the Fund. One member considered that it would be helpful to have a diagram showing how cash flowed and how authority was exercised.

30. There was general agreement that the decisions and reports of the Executive Committee should be transmitted to countries operating under paragraph 1 of Article 5 which were not members of the Executive Committee, together with all other additional information, and that those countries should be encouraged to prepare country programmes. It was agreed that UNEP's Industry and Environment Programme Activity Centre in Paris constituted a suitable vehicle for the purpose of disseminating such information. A member wondered what system could be used to ensure that expertise in a particular sector in one country could best benefit the same sector in another country.

Agenda item 6: Implementing agencies:      draft work programmes for 1992-1993 of the implementing agencies.

31. The representative of UNEP/IEO introduced the UNEP 1991 Progress Report and 1992 draft Work Programme (UNEP/OzL.Pro/ExCom/5/9). She said that the 1992 Programme would be along the same lines as the Programme for 1991 and would aim at filling gaps, updating the existing system, responding to queries and preparing additional technical documentation. She drew attention to two problems, namely, under-estimation of the budget for collection and dissemination of information and the lack of substantive staff on long-term contracts.

32. In response to the request by the Secretariat, she provided the following breakdown of the 1991 budget for information activities:

\$ 150,000 - updating of ICPIC software, in accordance with a contract signed with US/EPA;

\$ 15,000 - consultants and temporary assistance to evaluate existing documentation;

\$ 50,000 - contract with a Danish company for the collection of information on the use of CFCs in the foam industry. A contribution from the Nordic countries had enabled the cost to be reduced;

\$ 225,000 - preparation of a series of five technical brochures in English, French and Spanish for a general technical audience;

\$ 15,000 - lay-out and printing of the OzonAction newsletter in English, French and Spanish.

Out of the total allocation of \$ 526,000, a sum of \$ 500,000 had already been committed.

33. Training constituted an important component of the activities and seminars provided an opportunity to explain to countries that were not members of the Executive Committee the modalities for access to the Fund. Training at the national level was targeted at staff from industry and she emphasized the importance of carrying out training and networking on a regular basis.

34. During the ensuing discussion, several members expressed the view that information should also be translated into Arabic so as to promote awareness in Arabic-speaking countries. One member requested itemized accounts for the activities carried out. Another member expressed strong reservations regarding the recruitment of additional international staff. He endorsed the holding of in situ seminars and said that his country could envisage offering support for such seminars subject to receiving additional information.

35. Having considered the summary of implementing agencies' work programmes and associated budgets for 1991 and 1992 submitted by the Fund Secretariat, the Committee noted the absence of activities in a number of countries, particularly some African countries, and urged the Secretariat and the implementing agencies to intensify efforts aimed at ensuring the participation of those countries in the ongoing activities of the agencies. The possibility of drawing such countries into planned activities in neighbouring countries was suggested, as it could enhance the cost effectiveness of those activities as well as regional cooperation among the countries.

36. The Chief Officer considered that the results of activities in 1991 should be assessed before continuing with the 1992 programme. He stated that the Fund could not provide financial support for meetings of implementing agencies' consultants. With regard to information collected by the UNEP Industry and Environment Office, he pointed out that the Fund could only pay for information that could be used by countries operating under paragraph 1 of Article 5.

37. The representative of UNDP introduced the UNDP 1991 Progress Report and 1992 Draft Work Programme (UNEP/OzL.Pro/ExCom/5/8), highlighting the difference between activities in 1991 and 1992: in 1991, the trend had been towards reconnaissance, general information and some technical assistance, whereas in 1992 the major part of the programme related to specific technical assistance activities. In addition, UNDP would assist countries to formulate country programmes. Three quarters of UNDP's proposed 1992 country work programme would comprise technical assistance programmes in sectors, including refrigeration and air-conditioning, aerosols, foams, halons and solvents. Two types of training were proposed in the work programme: first, joint seminars for policy-makers and industry lasting two or three days; secondly, training of ministry staff. In response to comments by the Secretariat, he pointed out that public education campaigns had been included at the specific request of Governments and that they would be conducted jointly with UNEP. Finally, he explained that the large part of the programme devoted to China was justified by the high level of consumption of ODSs in China and it was imperative to make rapid progress in eliminating their use.

38. In the ensuing discussion, several members referred to the comments from the Fund Secretariat which had been circulated at the meeting. It was felt that, despite improvements in coordination between UNDP and the other implementing agencies and with governments, there were still areas of duplication to be eliminated. One member observed that the emphasis in the UNDP document was on activities rather than any description of outcomes.

39. The representative of the World Bank introduced the 1991 Progress Report and 1992 draft Work Programme (UNEP/OzL.Pro/ExCom/5/7). He informed the Committee that the World Bank had appointed coordinators for each of its regions to handle Montreal Protocol matters. He explained that the Bank would have to rely extensively on outside specialists because of the technical issues involved. He recalled that during their Fourth Meeting the members of the Committee had been critical of the emphasis on studies in the programme proposed by the Bank. He wished to inform them that the Bank had now identified projects totalling more than \$100 million for which pre-investment work would proceed if work programmes were accepted. Good progress had been made with the country programme of Egypt; and those of Jordan and one other country ought to be ready when the Committee next met. The Bank would like to see the Executive Committee discuss the question of the information which it should submit in connection with approval of projects exceeding \$500,000 in value and requested precise feed back on how such project documentation should be structured and what information it should contain.

40. In the ensuing discussion, members commented that more detail would be required in order to approve the expenditure of \$100 million indicated in the World Bank document. The representative of the World Bank, in clarification, explained that the intention was to indicate the magnitude of the proposed programme and approval would be sought project by project with the agreed documentation when individual projects were ready.

41. The representative of the World Bank explained the rationale for opening lines of credit for the implementation of activities. In reply to questions raised by one member, he stated that lines of credit would probably constitute the major part of the financing for which the Bank would seek Executive Committee approval. He said that if a line of credit was adopted, the Bank had not envisaged that it would be necessary to return to the Executive Committee for approval of each individual project exceeding \$ 500,000 included under the line of credit. The Executive Committee would of course be kept informed of the approval and implementation of sub-projects. Finally, he replied that the Bank was legally obliged to approve all sub-projects; in the case of lines of credit supported by funds held in trust by the Bank, approval of sub-projects could not be given solely by the financial intermediary. In response to the concern expressed by some members that lines of credit would tie up resources and only allow financing of activities in four or five countries, he said that there would be a lapse of three to five months between Executive Committee approval of a project and the need to transfer from the Interim Multilateral Fund to the Bank the full amounts of the project, during which time additional encashment by Parties would occur. With the full amount of the required project funds in hand, the Bank could then sign the legal agreement with the government concerned. Replying to a question concerning small-scale projects, he said that small-scale projects would habitually form part of the Bank's proposed investment projects, which justified the line of credit approach in dealing with them efficiently, although it was understood that developing countries could, if they wished, ask another implementing agency to carry them out individually. With regard to concessional loans, he replied that financing under the Fund concerned grants but a country

could envisage passing these funds on to ODSs-using-enterprises on loan terms. He also pointed out that in many developing countries foreign exchange restrictions made it difficult to obtain authorization to contract loans so the Interim Multilateral Fund resources might be used to finance on loan terms the foreign exchange cost of financially viable investment in ODSs reduction. In conclusion, he suggested that the next meeting of the Parties might like to review the level of the Fund's resources in the light of the very high demand for financing.

42. One member requested that countries be informed of the guidelines to be followed when submitting projects under the amount of \$ 500,000. While conceding that a line of credit might be a useful facility, another member emphasized that the Committee would still need to receive documentation on projects exceeding \$ 500,000 in order to justify their financing by the Fund and would have to approve them formally after due evaluation. One member proposed a budget in two stages for projects implemented by the World Bank: (i) the Committee approved a work programme in principle and requested the Bank to go ahead; (ii) the Committee requested the Bank to evaluate large projects and inform the Executive Committee, which would then formally approve those positively evaluated. Some members drew attention to the difficulty of reconciling the Committee's mandate to approve large projects with a line of credit mechanism.

43. In response, the representative of the World Bank said that the Bank was willing to undertake that a line of credit would not be used for any sub-projects exceeding \$ 500,000 until that issue could be clarified with the Parties, assuming that the Executive Committee would seek such clarification. It was proposed that the line of credit mechanism would be reviewed by the Executive Committee in the light of experience gained in the first of such projects with a view to reviewing the issue of sub-projects which the Bank might be authorized to approve. He reiterated that the line of credit approach had proven an effective mechanism for servicing the investment needs of small-scale enterprises, which were often in tens and hundreds of thousands of dollars, and that was the expected size of the majority of investment projects under the Interim Multilateral Fund.

44. The Chairman stated that the key issues which had been revealed by the debate on the activities of the implementing agencies were:

- (a) Further improvements in co-ordination;
- (b) Deciding on a speedy procedure for project approval in order to get action - approval by the Committee was mandatory in the case of every project exceeding \$ 500,000 in value;
- (c) The proposals for projects in China in the UNDP document;
- (d) The insistence of the Executive Committee that programmes should indicate the relation between the activities proposed and their effect in reducing ozone-depleting substances.

45. The Committee then turned to the paper submitted by its Vice-Chairman, proposing a sector-based approach to supporting activities under the Interim Multilateral Fund. The proposal was very widely supported, although some members pointed out that such an approach placed an even higher premium on effective coordination among the implementing agencies and that care would need to be exercised to ensure that the mistake was not made of assuming that technology could be automatically transferred among a wide range of countries. Some members considered it undesirable to include the names of individuals and/or companies in Committee papers. The Committee decided that in future presentations that practice should be avoided.

46. The Chairman proposed that the Executive Committee should request the implementing agencies and the Secretariat to collaborate in the preparation of a single document which would focus on the sectoral approach, but would also show activities by country and by region together with their financial implications. The document could be submitted to the Executive Committee for discussion and approval at a two-day meeting to be held on 27-28 February 1992. A number of members expressed support for the Chairman's proposal and one member suggested that the document should also include the budget for the Secretariat. Several members offered to assist the Secretariat in preparing the document, particularly in relation to the sectoral approach.

47. The representatives of the World Bank and UNDP supported the proposal for an integrated document, but strongly urged that the preparation of such a document should not hold up implementation of activities put forward for approval at the Fifth Meeting. The representative of the World Bank pointed out that a sectoral approach would in fact not prove to be radically different in outcome from that anticipated from the Bank's work programme.

48. At the conclusion of the discussion, the Executive Committee decided the following:

(a) There was still need for more coordination of the activities proposed by the three implementing agencies in their work programmes. There must be clear identification of those activities so as to ensure that an activity was not being duplicated (especially with respect to time and cost of preparation) within the same agency work programme and, of course, among the three agencies.

(b) The sectoral approach was a mechanism to achieve the kind of coordination that would save both money and time. It would also facilitate an overview of regional activities.

(c) The Secretariat should undertake the exercise with the cooperation of the implementing agencies and should prepare a consolidated document that contained a sector by sector description of activities, a consolidated country by country summary of those activities, and the expected outputs of such activities to the extent such information was available. Proposed budgets for each implementing agency's activities should be included in the consolidated document.

(d) Planned 1992 work programme activities would be authorized by the Executive Committee up to and until the date at which the Committee approved the implementing agencies' 1992 work programmes.

(e) The Executive Committee decided to allocate, until further review at its Sixth Meeting, \$ 1,125,000 to the World Bank, \$ 500,000 to UNDP and \$ 300,000 to UNEP. The Committee emphasized that those sums should be used for effective operational purposes.

(f) Proposals for funding the CFC Office and proposals for the endorsement of specific policy recommendations were separated out for further consideration by the Government of Mexico. The amounts for funding were reduced to \$ 4 million and approved on condition that all projects larger than \$ 500,000 would be presented for approval by the Executive Committee and more detailed descriptions would be presented to the Executive Committee at its next meeting, including an indication of priorities for the timing of projects.

#### Agenda item 7: Evaluation of the impact of Fund activities on phase-out of CFCs

49. The Vice-Chairman introduced the relevant document (UNEP/OzL.Pro/Ex.Com/5/10), which could be used as a basis for informing Parties of the progress made in phasing out CFCs.

50. Several members asked who would be responsible for carrying out the evaluation. One member considered that the proposed text did not place enough responsibility upon the implementing agencies to inform the Executive Committee of the results of their activities. He also suggested that a mechanism should be set up to evaluate whether or not the objectives had been achieved. A number of members spoke in favour of periodic evaluation. One member said that the Fund's activities were looked upon as a model and it was therefore particularly important to provide an accurate assessment of the present situation, the difficulties experienced and the future orientation. It was necessary to make a clear distinction between reporting to the Parties and evaluating the Fund's action. Some members did not consider that it would be possible to carry out a comprehensive evaluation, including the assessment of ODSs, through projects financed by the Fund, before 1993, while it might be useful to implement some of the other components of the proposal earlier.

51. The Executive Committee requested the Secretariat to prepare a revised text on evaluation of the Fund's activities, taking into account the remarks made at the Fifth Meeting, and to submit it to the Executive Committee before the Fourth Meeting of the Parties.

Agenda item 8: Bilateral and regional contributions

52. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/5/11/Rev.1, which had been prepared by the Secretariat in accordance with the decision taken by the Executive Committee at its third meeting.

53. One member said that, although it did have bilateral cooperation activities, it had not so far deducted 20 per cent from its contribution. It might, however, be led to review the situation if the Fund continued to finance studies and support costs rather than concrete projects. Another member drew attention to the complex interlinkage among bilateral cooperation, implementing agencies and the Fund. One member considered that it should be specified that bilateral co-operation should relate to grants and not reimbursable loans to countries operating under Article 5, paragraph 1. Some members sought clarification regarding the criteria for deduction of 20 per cent and whose responsibility it was to decide whether or not the amount could be deducted. It was proposed that the Secretariat could act as an information centre for bilateral activities, so that an overall picture could be gained of bilateral cooperation being prepared and implemented.

54. In response, the Chief Officer said that it would be extremely helpful if the Secretariat could be informed of bilateral cooperation activities even when no deduction from a country's contribution was involved. He added that bilateral cooperation activities should be included in country programmes.

55. The Executive Committee reviewed the Secretariat document in detail. The document was approved as contained in UNEP/OzL.Pro/ExCom/5/11/Rev.2, which is reproduced as annex III to this report.

Agenda item 9: Contributions in kind

56. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/5/12.

57. The representative of the USSR introduced document UNEP/OzL.Pro/ExCom/5/15 and recalled that his country had stated that, at the present juncture, it was only in a position to make a contribution in kind. Guidelines should be set up to enable other countries to make such contributions and some means of assessment should be established, possibly with the participation of international experts.

58. One member considered that the distinction between contributions in kind and bilateral cooperation was not clear. Members asked what would happen if there was no demand for in-kind contributions or they did not reach the total figure of the USSR contribution. A question was also asked regarding the financing of any facilities that would have to be provided in order to make use of contributions in kind.

59. The representative of UNDP pointed out that UNDP already had a number of rules and procedures that had to be followed with regard to contributions in kind.

60. The representative of the World Bank expressed the readiness of the Bank to explore arrangements for procurement in connection with projects supported by the Fund, which would facilitate contributions in kind by USSR. Practical mechanisms for doing so would need to be elaborated and efforts to that end should be continued.

61. The representative of USSR stated that some countries operating under Article 5, paragraph 1, had been approached and the possibilities had been discussed with them of making use of contributions in kind from his country.

62. Some members appealed to the implementing agencies to take into account the availability of contributions in kind and to adopt an approach favourable to them when elaborating and implementing their work programmes.

63. The Executive Committee requested the Secretariat to continue its consultations with the implementing agencies and the Government of USSR with a view to elaborating modalities for practical utilization of contributions in kind by that country.

#### Agenda item 10: Date and venue of the Sixth Meeting of the Executive Committee

64. In view of the decision reported under agenda item 6 to prepare a consolidated document covering the proposed activities of the three implementing agencies in their work programmes, a meeting of the Executive Committee was envisaged which would last two days and be held as soon as consistent with the preparation of that document. The Committee decided to hold its sixth meeting on 27 and 28 February 1992 at Montreal. It would be confirmed later whether the exact venue would be ICAO or elsewhere.

#### Agenda item 11: Other matters

65. The Executive Committee decided that the costs of travel and daily subsistence allowance for the attendance of the President of the Bureau of the Meeting of the Parties to the Montreal Protocol or his representative as observer at the meetings in 1992 of the Committee, if he was a national of a developing country operating under Article 5, paragraph 1, should be paid from the Fund.

Agenda item 12: Adoption of the report

66. The Executive Committee adopted the present report, on the basis of the draft report contained in the document UNEP/OzL.Pro/ExCom/5/L.1, at its closing session on 22 November 1991.

Agenda item 13: Closure of the meeting

67. Following the customary exchange of courtesies, the Chairman declared the meeting closed at 12:20 pm on Friday, 22 November 1991.

**Annex I**

The cumulative income commitments and disbursements, as well as the balance of the Fund as at 31 October 1991, were:

I.	Income:	\$
1.	Contributions, as at 31.10.1991	22,547,993
2.	Interest accrued as of 31.10.1991	302,493
	Total income	22,850,486
II.	Commitments & Disbursements to:	
1.	Secretariat (1991 & 1992 budgets)	3,528,513
2.	Prog. support cost for 1991 & 1992	174,330
3.	Disbursement to UNDP	1,261,800
4.	Disbursement to UNEP	1,676,920
5.	Disbursement to World Bank	5,000,000
	Total commitments & disbursements	11,641,563
III.	Balance	11,208,923

Details by country of pledges made for 1991 and amounts received, as reported by UNEP, are contained in the table below:

Interim Multilateral Fund for the Implementation  
of the Montreal Protocol  
(as at 31.10.91)

	<u>1991 Pledge</u>	<u>Paid for 1991</u>	<u>Outstanding for</u>
	<u>US \$</u>	<u>US \$</u>	<u>1991</u> <u>US \$</u>
Australia	905,407	597,607 399,805 387,800	(399,805)
Austria	464,459	308,747	155,712
Bahrain	12,553	-	12,553
Belgium	734,348	-	734,348
Byelorussian SSR	207,124	-	207,124
Canada	1,939,432	1,939,432	-
Denmark	433,077	433,077	-
Finland	320,100	320,100	-
France	3,922,799	-	3,922,799
Germany	5,874,784	2,937,324	2,937,460
Greece	251,059	-	251,059
Hungary	131,806	-	131,806
Iceland	18,829	18,829	-
Ireland	112,977	-	112,977
Italy	2,504,315	-	2,504,315
Japan	7,142,633	-	7,142,633
Liechtenstein	6,276	6,276	-
Luxembourg	37,659	-	37,659
Malta	6,276	6,264	12
Netherlands	1,035,619	1,035,619	-
New Zealand	150,635	150,635	-
Norway	345,206	345,206	-
Portugal	112,977	-	112,977
Singapore	69,041	-	69,041
South Africa	282,442	-	282,442
Spain	1,223,913	1,223,913	-
Sweden	759,454	759,454	-
Switzerland	677,860	677,860	-
Ukrainian SSR	784,560	-	784,560
USSR	6,270,202	-	6,270,202
United Arab Emirates	119,253	-	119,253
United Kingdom	3,050,369	-	3,050,369
United States of America	13,333,333	1,000,000 5,000,000 2,500,000 2,500,000	2,333,333
<b>TOTAL</b>	<b>53,320,777</b>	<b>22,547,993</b>	<b>30,772,748</b>

## Annex II

### REVISED ESTIMATED BUDGET FOR SECRETARIAT FOR 1992

The Executive Committee at its third meeting, considered the three-year budget for the Secretariat of the Multilateral Fund and "agreed that budgets for the second and third years ahead could not be formulated with precision at the present juncture and declared its intention to request the Chief Officer to present revised budgets for every year at the meeting of the Committee immediately preceding each calendar year" (UNEP/OzL.Pro/ExCom/3/18/Rev.1, para. 76).

Accordingly, the Secretariat has prepared the revised estimated budget for 1992 as presented in this document.

While the recruitment process has just been completed, the selected candidates have not yet taken-up their posts in the Secretariat. This has complicated the task of the Secretariat in accurately evaluating needs for the Secretariat for the year 1992.

Following is detailed analysis of changes mentioned in the revision:

Budgetline 1199: Personnel Costs: shows an increase of \$ 45,000 due mainly to actual contractual status of candidates selected, and adjustment to fluctuations in the exchange rate in the Canadian dollar to the US dollar (which is reflected in the post adjustment element as part of the net salary) since the preparation of the budget earlier in the year.

Budgetline 1399: Administrative support costs: increase of \$ 39,000 due to underestimation of conference servicing costs in our earlier submission.

Budgetline 3999: Meetings, conferences, etc.: while a decrease of approximately \$ 69,750 has been estimated in this revision based on our experience so far, however, this may have to be revised should air travel costs undergo major changes in tariff structures.

Budgetline 5499: Hospitality: We have revised costs downwards, due to favourable arrangements so far.

As said earlier, the present revision is at best an interim revision, since the Secretariat has not yet begun functioning to its capacity as forecast in the original budget presentation.

However, the Secretariat will be in a better position to evaluate its needs by April 1992, when the next meeting of the Executive Committee is tentatively scheduled for.

**Interim Multilateral Fund Secretariat:  
Approved Budget and Revised Estimated Expenditure for 1992**

Number	Description	W/M	Approved Budget	Revised Estimates
1100	<b>Personnel</b>			
1101	Chief, Fund Secretariat	12	111,000	111,000
1102	Deputy Chief		80,000	91,000
1103	Deputy Chief		80,000	84,000
1104	Programme Officer		59,000	67,000
1105	Programme Officer		59,000	67,000
1106	Programme Officer		59,000	67,000
1107	Programme Officer		59,000	67,000
1108	Information Officer		59,000	67,000
1109	Administrative Officer		70,000	60,000
1199	TOTAL		636,000	681,000
1200	<b>Consultants</b>			
1201	Consultancies and other related studies		-	-
1202	Evaluation studies		200,000	200,000
1299	TOTAL		200,000	200,000
1300	<b>Administrative Support</b>			
1301	Administrative Assistant	12	39,000	40,000
1302	Library Assistant	12	39,000	36,000
1303	Senior Secretary (Chief Officer)	12	35,000	36,000
1304	Senior Secretary (Deputy)	12	35,000	32,000
1305	Secretary (Deputy)	12	31,000	32,000
1306	Secretary ( for 3 P-3s )	12	35,000	32,000
1307	Secretary ( for P-3/P-4 )	12	31,000	32,000
1308	Secretary ( for P-3/Consultants )	12	31,000	32,000
1309	Clerk/Messenger/Receptionist	12	26,000	24,000
1321	Conference servicing costs (CSC):			
1325	VIth Meeting		75,000	90,000
1326	VIIth Meeting		75,000	90,000
1327	VIIIth Meeting		75,000	90,000
1328	2 Meetings Sub-Committee		20,000	20,000
1399	TOTAL		547,000	586,000
1600	<b>Travel on official business</b>			
1601	Travel & subsistence ( Secretariat Staff )		100,000	100,000
1699	TOTAL		100,000	100,000
1999	Component total, Personnel		1,483,000	1,567,000
30	<b>MEETINGS COMPONENT</b>			
3300	<b>Meetings, conferences ect.</b>			
3305	Travel and substance of Chairman and Vice-Chairman		37,500	37,500
3306	VIth Meeting		110,250	87,000
3307	VIIth Meeting		110,250	87,000

Number	Description	W/P	Approved Budget	Revised Estimates
3308	VIIIth Meeting		110,250	87,000
3309	2 Sub-Committees		31,500	31,500
3399	TOTAL		399,750	330,000
3999	Component total, Meetings		399,750	330,000
4100	Expendable equipment (items under \$500)			
4101	Office stationery supplies		15,000	15,000
4102	Software and computer expendables		15,000	15,000
4199	TOTAL		30,000	30,000
4200	Non-expendable equipment			
4201	Furniture		-	-
4202	Typewriters		-	-
4203	Personal computers - 3		22,500	22,500
4204	Portable computers - 3		15,000	18,000
4205	Others		10,000	7,000
4299	TOTAL		47,500	47,500
4300	Premises			
4301	Rent of offices		-	-
4399	TOTAL		-	-
4999	1992 Component total		-	-
50	MISCELLANEOUS COMPONENT			
5100	Operation and maintenance of equipment			
5101	Maintenance of equipment		5,000	5,000
5102	Maintenance of offices		5,000	5,000
5103	Rental of computer equipment		18,000	18,000
5104	Rental of photocopier(s)		15,000	15,000
5105	Rental of telecommunication equipment		18,000	18,000
5199	TOTAL		61,000	61,000
5200	Reporting costs			
5201	Reporting (document production costs)		50,000	50,000
5299	TOTAL		50,000	50,000
5300	Sundry			
5301	Communications		50,000	50,000
5302	Freight charges (shipment of documents)		20,000	20,000
5303	Others		5,000	5,000
5399	TOTAL		75,000	75,000
5400	Hospitality			
5401	Official hospitality		15,000	10,000
5499	TOTAL		15,000	10,000
5999	Component total, Miscellaneous		201,000	196,000
	GRAND TOTAL		2,161,250	2,170,500

### **ANNEX III**

#### **PROCEDURES FOR PRESENTATION OF COUNTRY PROGRAMMES AND**

#### **PROJECT PROPOSALS TO THE EXECUTIVE COMMITTEE**

All three implementing agencies have included preparation of country programmes for Article 5 countries. Also some of these countries have indicated that they will prepare themselves their country programmes. In one case, a country programme was prepared through bilateral co-operation. In order to standardize all country programmes, the Fund Secretariat has prepared detailed standard format for an idealized country programme. If approved by the Executive Committee, it can be used as the basis for preparation of a country programme, thus obviating the need to develop terms of reference for country programmes in each of Article 5 countries.

The document is subdivided into four main sections: I. Introductory part, II. Format and Content of a Country Programme, III. Country Programme Evaluation Criteria, and IV. Country Programme Cover Sheet. Sections I and II describe the procedure and guidelines for the preparation and presentation of a country programme. Sections III and IV are intended for the use of the Fund Secretariat.

## **I. INTRODUCTORY PART**

## **1. INTRODUCTION**

This paper explains the purpose of the Country Programme to the governments of Parties operating under paragraph 1 of Article 5 of the Montreal Protocol on Substances that deplete the Ozone Layer (that is a developing country with an annual consumption of the substances in Annex A of less than 0.3kg per capita) .

## **2. THE INTERIM MULTILATERAL FUND**

The Montreal Protocol (as amended in June 1990) provides at Article 10 for a financial mechanism to assist "Article 5 countries" to comply with the control measures of the Protocol. Currently, this has been implemented as the Interim Multilateral Fund to operate for a period of three years to December 1993.

## **3. ASSISTANCE FROM THE FUND**

The Interim Multilateral Fund provides assistance to Article 5 countries in the form of technical assistance, grants or loans, or in-kind assistance from donor countries, to meet the incremental costs of complying with the Protocol. "Incremental costs" are explained in Annex IV, Appendix I of the report of the second meeting of the Parties to the Protocol.

## **4. THE COUNTRY PROGRAMME**

As a first step towards obtaining assistance from the Fund, the party is invited to submit a "Country Programme" to the Fund's Executive Committee in accordance with paragraph 10(g) of Appendix II of Annex IV to the Report of the Second Meeting of the Parties. However, individual projects proposed prior to the submission of a Country Programme will qualify for assistance if consistent with the project eligibility criteria approved by the Executive Committee.

The Country Programme presents a commitment by the government to take appropriate actions to ensure compliance with the control measures of the Protocol. A standard contents list is available and is provided to Parties as guidance in preparing their country programmes.

The key features of the Country Programme are:

- O the action plan;
- O a statement of the government's commitment to implement the Action Plan, and to monitor the extent of its success in complying with the Protocol;
- O an indication of the projects for which the government is likely to seek assistance from the Fund.

The Protocol recognizes that the circumstances of Article 5 countries, and the priorities of governments, vary. In the Country Programme, the government should seek to state clearly its relevant policies and priorities, and its Action Plan will be expected to be consistent with these.

The Country Programme should demonstrate that the chosen Action Plan is cost-effective. It is therefore necessary to estimate the incremental costs which will be incurred by the country in complying with the Protocol.

## **5. USE OF THE COUNTRY PROGRAMME**

The Country Programme provides the basis on which the Fund can give assistance to the country.

Applications for assistance with specific projects, should be made to the Fund Secretariat and/or the Implementing Agencies and should be consistent with the actions and projects identified in the Country Programme. The approval of projects where the value of the assistance applied for exceeds US\$ 500,000 is the responsibility of the Executive Committee.

Governments should monitor the progress being made in reducing ODSs consumption in line with their plans set out in the Country Programme, and should periodically review the effectiveness of the measures being taken. If it becomes necessary to change the Action Plan in order to maintain progress, an up-dated Country Programme should be submitted to the Fund Secretariat for further consideration by the Executive Committee.

## **II. FORMAT AND CONTENT OF A COUNTRY PROGRAMME**

Transmittal Letter

## **Executive Summary**

### **1. INTRODUCTION**

- 1.1 Purpose
- 1.2 Status
- 1.3 Assistance Received

### **2. CURRENT SITUATION**

- 2.1 Current and Forecast Consumption of ODSs
- 2.2 Industry Structure
- 2.3 Institutional Framework
- 2.4 Policy Framework
- 2.5 Government and Industry Responses to the Protocol

### **3. IMPLEMENTING PHASE OUT**

- 3.1 Strategy Statement by Government
- 3.2 Action Plan
- 3.3 Roles in Implementing the Strategy
- 3.4 Timetable and Consumption Implications
- 3.5 Budget and Financing Programme
- 3.6 Monitoring Arrangements

## **Transmittal Letter**

Address to:

Secretariat of the Interim Multilateral Fund for  
the Implementation of the Montreal Protocol.

For the attention of: Chief Officer

Contents should include:

- O the identity of the Country and the lead Government Agency submitting the Country Programme;
- O the country's position under the Montreal Protocol (eg the country is a Party to the Protocol and is operating under paragraph 1 of Article 5);
- O a statement of government's commitment to implementing the actions contained in the Country Programme in order to comply with the Protocol, explaining where this commitment is recorded;
- O a statement of government's intention to monitor compliance with the Protocol, to take further or different actions if necessary, to update the Country Programme accordingly, and to submit this to the Fund's Executive Committee.

## **COUNTRY PROGRAMME**

### **1. INTRODUCTION**

#### **1.1 Purpose**

Record the purpose of the Country Programme including:

- it is a reflection of the commitment of the government to achieve compliance with the obligations as a party to the Protocol;
- it records and presents the information and analysis from which the Action Plan in the Country Programme has been developed;
- it provides the framework within which assistance from the Fund is provided. Applications to the Fund for assistance with specific projects should demonstrate the project's consistency with the Country Programme;
- it provides the basis for monitoring the extent to which the Action Plan is being followed and its effectiveness in reducing the consumption of Ozone Depleting Substances as planned in the Country Programme.

#### **1.2 Status**

Describe the status of the Country Programme.

This could cover:

- which organisation or agency took the lead in preparing it;
- which entity or forum in government approved the Country Programme and agreed to implement it, quoting the approval wording;
- costs of preparation of the Country Programme;
- whether the country study exists and is incorporated into the country programme.

### **1.3 Assistance Received**

Record in this section the sources and the nature of all assistance received in preparing the Country Programme.

Sources of assistance include:

- the Fund's Implementing Agencies (UNEP, UNDP and the World Bank, others;)
- companies and industry groupings;
- non-governmental organizations;
- government departments and agencies;
- bilateral, multilateral and regional sources.

## **2. CURRENT SITUATION**

### **2.1 Current and Forecast Consumption of ODSs**

#### **2.1.1 Current Consumption**

Provide data or estimates of the current (1991 if possible) consumption of each ODSs, in tonnes, analyzed by substance, and analyzed for each substance by source and by user sector. If possible, the attached tables should be used to present these data. The following must be covered:

all controlled substances, namely:

- Annex A Group 1: CFCs 11, 12, 113, 114, 115;
- Annex A Group 2: Halons 1211, 1301, 2402;
- Annex B Group 1: CFCs 13, 111, 112, 211, 212, 213, 214, 215, 216, 217;
- Annex B Group 2: Carbon tetrachloride;
- Annex B Group 3: 1, 1, 1-trichloroethane (methylchloroform)

all sources, namely;

- production;
- imports;
- exports

Use Table 2.1.



- O all uses, including:
  - **refrigeration** (domestic refrigerant, industrial refrigerant, and refrigerants for water coolers, bottle and walk-in coolers, ice candy machines, cold storage units);
  - **air conditioning** (including room a/c, packaged a/c, central a/c - reciprocating and centrifugal, mobile a/c - for cars, buses, vans, trains, ships);
  - **foams** (flexible polyurethane, rigid polyurethane, phenolic foam, polyolefinic foam, polystyrene);
  - **aerosols** (inhaled pharmaceuticals, bottle aerosols, can aerosols);
  - **cleaning** (vapour degreasing for electronics, computer hard disks, metals, and metal dip cleaning);
  - **fire fighting** (portable units, fixed flooding units);
  - **process solvents** (pesticides, pharmaceuticals, industrial paint manufacture);

Use Table 2.2.

- O all applications, including:
  - in recharging existing products;
  - in chemical or manufacturing processes;
  - as feedstock.

Use Table 2.2 as shown in example.

- O all recovered and recycled ODSs:
  - by product type or application.

Include in Table 2.2 below totals for consumption.

Accurate data may not be available for all categories of consumption or use, in which case estimates should be given.

Identify the source of the figures (for example customs records, trade association, industry estimate).

### **2.1.2 Forecast Consumption**

Provide forecasts of the use of each substance in tonnes, and in tonnes X ODP, by product type or industrial user sector, on the following assumptions:

- O no attempt is made to comply with the Protocol; and
- O unconstrained quantities of controlled substances continue to be available from existing sources, at current prices.

For each substance the forecast should cover the period till 2010-2015 when the Protocol requires consumption to have been phased out.

Provide an explanation of the forecasting technique used (eg extrapolation) or the source of the forecast (eg refrigerator manufacturers). Forecasts should be checked for realism against other information (eg market penetration implied, per capita usage rate implied).

Summarize the forecasts for each of the four groups of controlled substances, in tonnes x ODP. Graphs should be used where possible.

**Table 2.2: Consumption in 1991 broken down by use and application**

User sector/use	Substance	Application	Consumption tonnes
<b>EXAMPLE</b>			
Refrigeration			
Domestic	CFC12	used in recharging	150
		used in domestically manufactured products	100
<b>Total tonnes</b>			

## 2.2 Industry Structure

Provide an outline of the structure and ownership of the industries producing, importing and using ODSs:

- O Production:
  - company name;
  - ownership (eg private, public, subsidiary of group, government, multinational);
  - substances produced;
  - capacities (tonnes per year);
  - current annual production in tonnes by substance;
  - analysis of production by use or sector or direct export;
  - feedstock sources (local or imported, common ownership or independent).
  
- O Importers of ODSs as chemicals: ( )
  - current annual imports, in tonnes, by substance;
  - identity of producers or suppliers or country of origin;
  - identity of customers or user sectors.
  
- O Users (including servicing workshops):
  - substance;
  - nature of use (eg foam blowing, recharging fridges);
  - name of company;
  - ownership;

- current annual use;
- brief description of manufacturing facilities;
- brief description of service sector.

Not all of the information will be readily available, and in some cases only generic descriptions of the structure of an industrial subsector will be able to be provided (for example, many small firms in the unorganised sector).

### **2.3 Institutional Framework**

Describe the institutional arrangements relevant to implementing the commitment to phase out of consumption of ODSs, including:

- the government departments and agencies, non-governmental organisations, industry/trade association, and consumer groups involved;
- the role and responsibilities of each.

### **2.4 Policy Framework**

Describe the relevant policy framework within which the phase-out of ODSs will be managed. This should specifically address the question of whether government policy normally relies on, for example, fiscal policies, command and control methods or voluntary agreements to promote changes such as phasing out ODSs, how successful these have been in the past, and whether it is considered necessary and appropriate to maintain consistency with these policies. Specify current laws and regulations available to empower actions, and identify any additional laws and regulations required.

Outline any relevant policies relating to industrial development, including:

- ownership of companies in particular sectors of the economy;
- sectoral preferences for indigenous production/manufacturing as opposed to imports;
- the powers held by government to implement these policies.

## **2.5 Government and Industry Responses to the Protocol**

Describe significant actions already taken by government or by the production and user industries in response to the Protocol, including:

- dates of signing and of ratifying the Protocol;
- laws or regulations introduced to confirm ratification of the Protocol;
- actions by government to cause consumption to reduce (eg ban on use of ODSs in aerosols);
- organizations set up to deal with Protocol issues;
- assistance requested and provided by Implementing Agencies;
- publicity and awareness campaigns;
- actions by industry to introduce substitutes and alternatives (for example, negotiation of supplies of substitute or alternative substances and of necessary technologies). Where costs are known to have been incurred by Government departments and agencies, or by industry, describe the nature of the costs incurred and an estimate of the amount.

### **3. IMPLEMENTING PHASE OUT**

#### **3.1 Strategy Statement by Government**

Provide a clear statement of the strategic objectives and constraints on which the preferred Action Plan (Section 3.2 following) is based. This may include:

- minimising the country's consumption of ODSs;
- reliance on existing legal framework;
- continuing fulfilment of the demand for products currently made with or using ODSs;
- compliance with the Protocol limits on consumption;
- minimum economic cost to the country of phasing out;
- continuing consistency with industrial development policies.

This list is not exhaustive and not all the points may be appropriate to a country.

Present the phase-out schedule for each group of substances, giving the planned consumption by year, in tonnes X ODP, and the year when zero consumption is achieved. Graphical presentation is preferred.

Figures 3.1 - 3.5 illustrate, in graphical form, the protocol phase-out profiles for each group of substances. Figure 3.6 gives an example of a completed phase-out schedule for Annex A Group 1 substances (CFCs) showing planned consumption lower than the Protocol profile.

#### **3.2 Action Plan**

##### **3.2.1 Government Actions**

Identify all the actions government intends to initiate in order to implement the phasing out of ODSs. These actions will be consistent with the strategy described in Section 3.1.

For each action, specify its intended or expected effect on the use of ODSs and/or on the demand for products made with or containing ODSs. Effects should be described quantitatively, and relevant evidence of industry and consumer responses to similar actions by government should be given, if available.

Examples of possible actions by government include:

- administrative bans or consumption limits imposed on specific substances or uses;
- bans or quotas on imports, using import licences or permits, applying to specific substances, groups of substances, or uses;
- taxes and levies on imports, production or uses of specific substances, to affect market prices and market preferences;
- grants or loans to support investment in producing or using substitutes and alternatives;
- training and awareness campaigns;
- voluntary agreements with companies or industry groups under which they commit to change to substitutes and alternatives without further action by government.

Government may also choose to take no explicit actions if convinced that supply constraints will force users to eliminate their use of ODSs, and that potential suppliers of substitutes and alternatives, and of necessary technology will support users in changing over.

### **3.2.2 Projects**

Describe in order of priority each identifiable project which is being, or is expected to be, undertaken within producer and user industries in response to the government's commitment to phase out consumption of ODSs. For each identified project, provide:

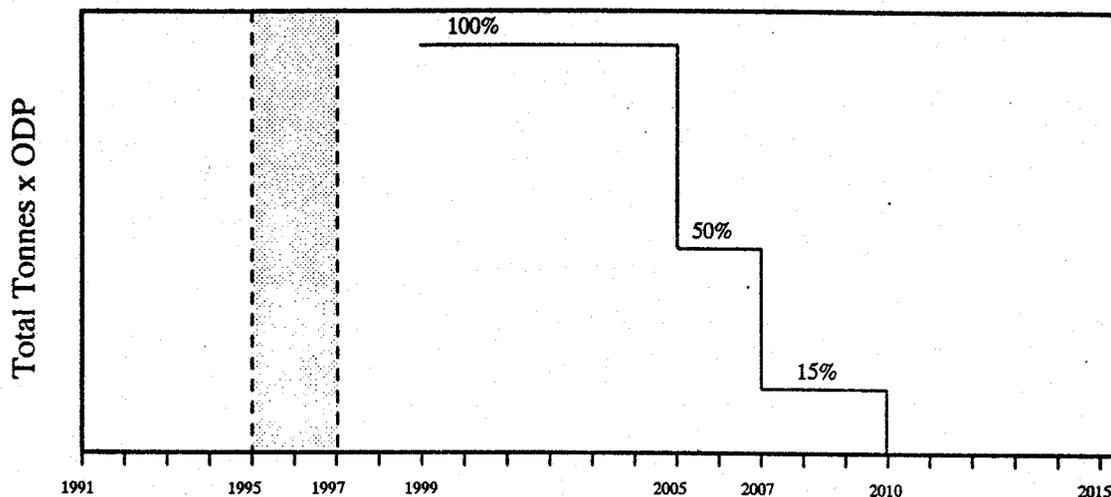
- the company and site, or the industry sector in the case of a project affecting the whole sector;
- a brief description of the purpose and nature of the project;

- O the planned or actual start date;
- O the source of any required design, advice, licence or other technical input to the project from outside the company or industry sector;
- O the benefit of the project, expressed if possible in tonnes of controlled substance not consumed;
- O the incremental cost of the project;
- O the extent to which the company or industry sector has been consulted on the project and has agreed to it.

A more detailed description for projects for the initial three-year period should be provided.

Figure 3.1

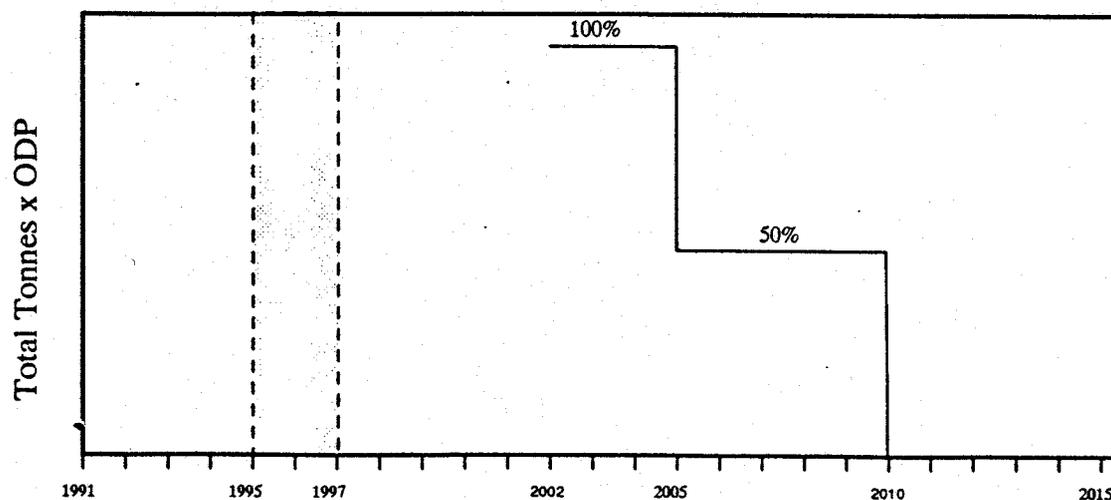
### Protocol Phase-Out Profile CFCs in ANNEX A Group I



Percentages are based on average consumption in the years 1995 to 1997  
Dates apply to countries operating under Paragraph 1 of Article 5

Figure 3.2

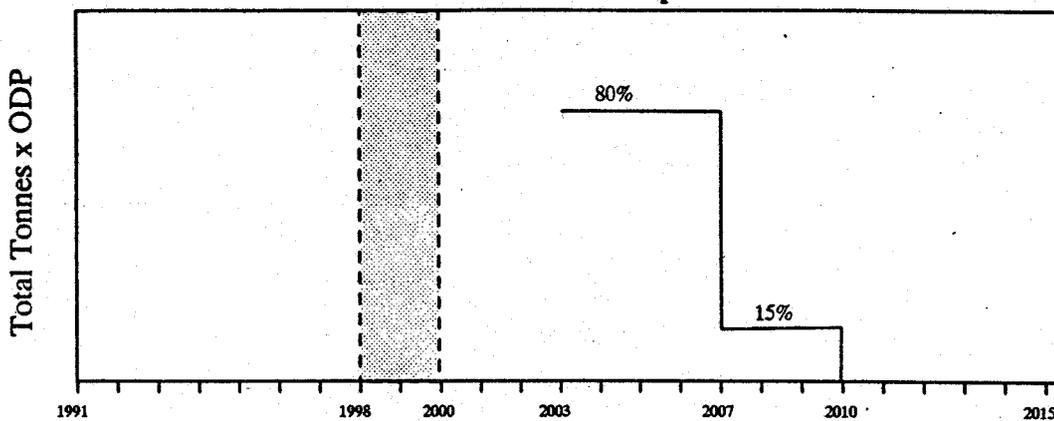
### Protocol Phase-Out Profile HALONS in ANNEX A Group II



Percentages are based on average consumption in the years 1995 to 1997  
Dates apply to countries operating under Paragraph 1 of Article 5

Figure 3.3

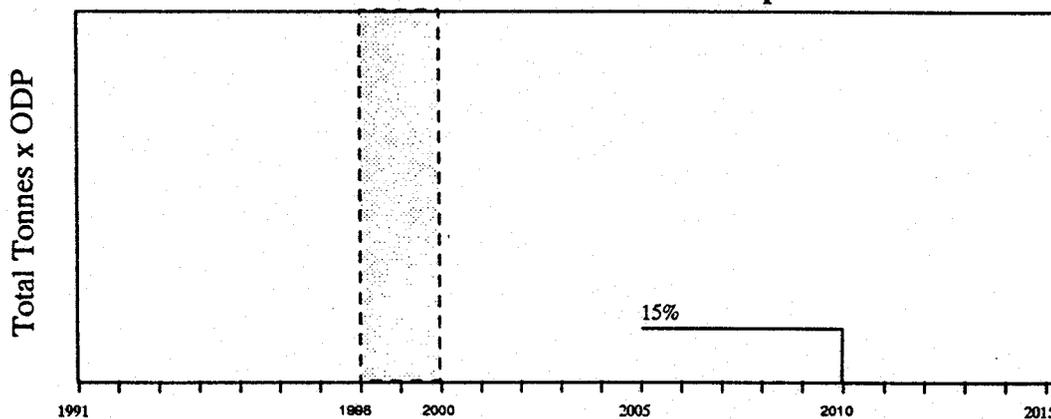
**Protocol Phase-Out Profile**  
**CFCs in ANNEX B Group I**



Percentages are based on average consumption in the years 1998 to 2000  
 Dates apply to countries operating under Paragraph 1 of Article 5

Figure 3.4

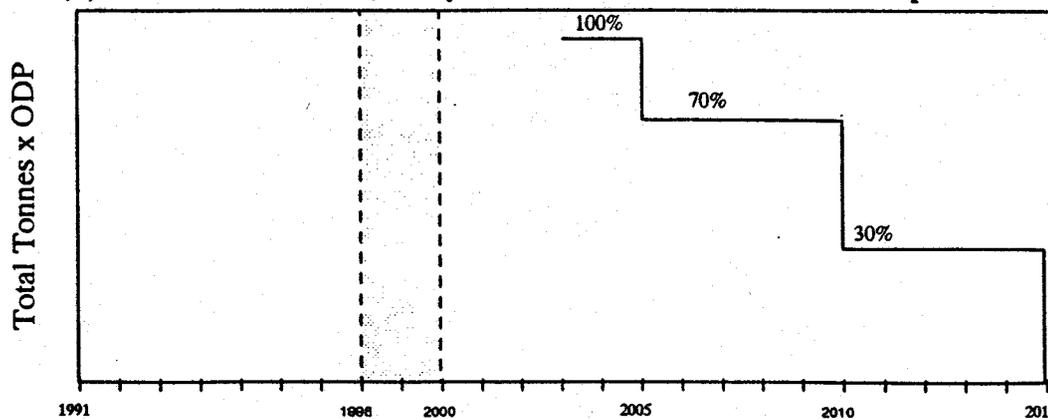
**Protocol Phase-Out Profile**  
**Carbon Tetrachloride in ANNEX B Group II**



Percentages are based on average consumption in the years 1998 to 2000  
 Dates apply to countries operating under Paragraph 1 of Article 5

Figure 3.5

**Protocol Phase-Out Profile**  
**1,1,1 - Trichloroethane (Methyl Chloroform) in ANNEX B Group III**

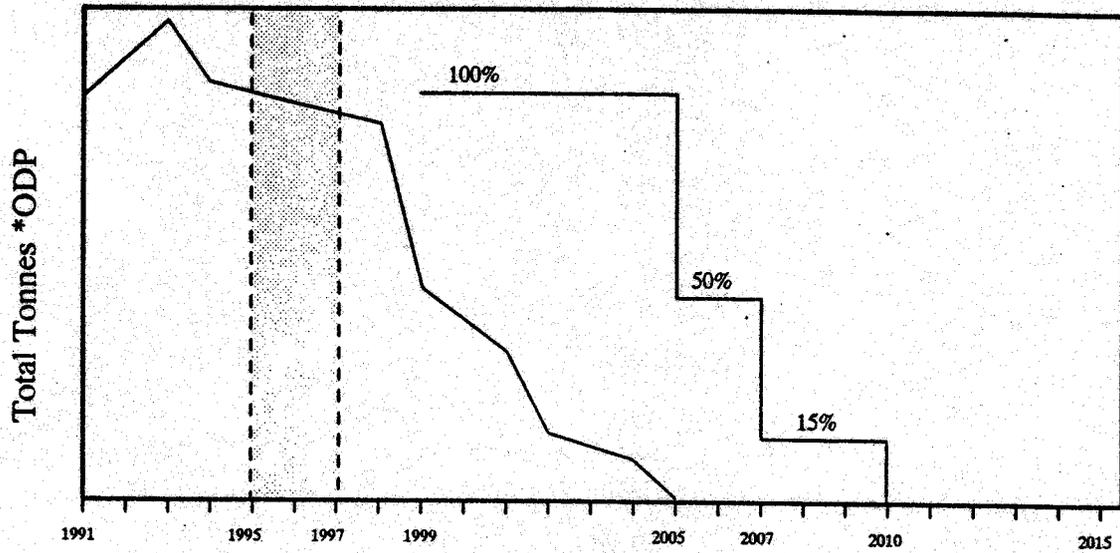


Percentages are based on average consumption in the years 1998 to 2000  
 Dates apply to countries operating under Paragraph 1 of Article 5

Figure 3.6

### Example Phase-Out Schedule

#### CFCs in ANNEX A Group I



Percentages are based on average consumption in the years 1995 to 1997  
Dates apply to countries operating under Paragraph 1 of Article 5

### 3.3 Roles in Implementing the Strategy

Identify the lead agency (national) that will take responsibility for implementation of the country programme. Also identify all the important organisations who will contribute to the implementation of the strategy (eg government departments, industry associations, Implementing Agencies of the Fund). This may include identification of any financial intermediary who will handle funding from the Multilateral Fund within the country. Assistance expected from bilateral and in-kind sources could also be included.

### 3.4 Timetable and Consumption Implications

For each group of ODSs, present in graphical form:

- the total forecast consumption, from section 2.1.1, in tonnes X ODP;
- the total planned consumption in tonnes x ODP;
- the Protocol's limits on consumption.

State the estimated total incremental cost to the country of the planned phase out.

### 3.5 Budget and Financing Programme

Provide an estimate of the net costs to be incurred by government in implementing the Action Plan. Figures should be provided for each year until phase-out is forecast to be achieved. Totals for each year should be analyzed into:

- revenue costs incurred by government analyzed by, for example, administration, training, tax collection;
- grant and loan assistance being sought from Fund (net of capital and interest payments), analyzed by company or industry sector, and with an indication of the purpose of each grant or loan;
- the financial and in kind support to be provided from other sources (bilateral, regional, own).

Where government expects to receive increased tax or duty revenue, as a result of new or increased taxes, these receipts should be included.

### **3.5.1 Project funding priorities**

List projects (in order of priority) to be undertaken within industry for which it is intended to make application to the Interim Multilateral Fund for assistance. For each project, provide:

- company or industry sector;
- description and purpose of the project;
- start year;
- an estimate of the amount of assistance to be sought from the Fund;
- whether the project has been agreed with an Executing Agency of the Fund (give the identity) and whether it is included in the agency's work programme;
- the reduction in the amount of each specific substance which will result from the project (this is not applicable to all projects).

Where it is intended or agreed that assistance will be obtained from bilateral sources and/or in kind rather than in cash, the source, and the amount or the form of assistance should be given.

[Applications for assistance with specific projects should be made to the Implementing Agencies of the Fund through the Fund Secretariat].

### **3.6 Monitoring Arrangements**

Describe the government's proposals for:

- monitoring the annual consumption of ODSs in the country and the extent to which consumption is less than Protocol limits;
- monitoring the effectiveness of government actions in achieving their intended results;
- monitoring the implementation of projects identified in the Action Plan.

These proposals may include:

- reporting by customs of the quantities of ODSs at the point of import;
- arrangements with industry groups and trade associations that they should operate recording and reporting systems;
- direct arrangements with major suppliers and their agents on reports quantities supplied, planned and actual supply of substitutes, and user sectors;
- direct arrangements with user sectors to report quantities used, planned and actual use of substitutes and alternatives and planned phase-out dates.

This section should also describe government's proposals for reporting progress being made to the Fund.

### **III. COUNTRY PROGRAMME EVALUATION CRITERIA**

### III. COUNTRY PROGRAMME EVALUATION CRITERIA

The following criteria will assist the Fund Secretariat in its evaluation of country programmes:

#### 1. COMPLETENESS

The purpose of this section is to establish that the Country Programme is complete. There are two questions:

- does the Country Programme include all the necessary elements?
- is each element dealt with adequately, or are satisfactory explanations provided for omissions?

(A check list of contents should be used)

#### 2. PERFORMANCE

The purpose of this section is to establish the overall effectiveness of the country programme in reducing and eliminating ODSs consumption.

All consumption figures are in tonnes X ODP. The attached table provides for all necessary performance information:

- the most recent year's figures for actual (or estimated) consumption (column A);
- the planned total consumption until phase-out is achieved, where "planned" refers to the figures presented in the phase-out schedules in the country programme (column B);
- the year in which phase-out of the consumption of all substances in the group is achieved (column C);

**Consumption (tonnes x ODP)**

	<b>Actual Annual, in 19__</b>	<b>Planned Total to phase-out</b>	<b>Planned year of phase-out</b>
	<b>A</b>	<b>B</b>	<b>C</b>
<b>Group Substances</b>			
<b>Annex A</b>			
<b>Group 1: CFCs</b>			
<b>Group 2: Halons</b>			
<b>Annex B</b>			
<b>Group 1: CFCs</b>			
<b>Group 2: carbon tetrachloride</b>			
<b>Group 3: 1,1,1- trichloroethane (methyl chloroform)</b>			
<b>Totals</b>			

**Total incremental cost of phase-out** : \_\_\_\_\_  
**Total incremental cost of phase-out/total of col A:** \_\_\_\_\_

All the above measures are given for all five Groups from Annexes A and B. In addition, totals are required for column A (current annual consumption) and column B (total consumption to phase out).

The form also asks for the total incremental cost to the country of implementing the Country programme. This is then divided by the total of column A (current annual consumption) to give an estimate of the economic cost effectiveness of the Country Programme as:

- O incremental cost per tonne X ODP/ODSs consumption eliminated.

### 3. ACTION PLAN

This section is intended to allow the likely effectiveness of the Country Programme Action Plan to be assessed.

#### 3.1 Government Actions

The table below summarizes Government's intended actions. For each action, the year in which it is taken, or started in the case of a continuing action, should be given, followed by a brief description of the action, and a statement of its intended effect.

Each action should be considered in the context of its intended effect and of any evidence of similar previous actions by government, in order to reach a judgement as to whether:

- O the proposed actions appear to be adequate, both individually and in total;

First Year	Description of Action	Intended Effect
------------	-----------------------	-----------------

Commentary: - discuss whether actions appear to be adequate  
 - are actions consistent with government policies?

### 3.2 Projects

The table below allows brief details of all identified projects to be summarized.

The table requires the first year of the project to be entered, followed by a brief description and the sector affected. This could be the production or user (manufacturing) sector. The table then requires the project incremental cost to be given (that is, the amount for which application could be made to the fund for assistance. Where assistance will be sought other than as grant or loan, for example technical or in-kind assistance, this should be noted.

The next column requires an estimate of the reduction in ODSs consumption (in tonnes X ODP) resulting from the project. This figure is the annual consumption at current or most recent rates which will be avoided as a result of carrying out the project.

The final column allows the cost effectiveness of each project to be presented as:

O project incremental cost/reduction in ODSs consumption.

The numerator and denominator are taken from the previous two columns. The lower the number the more cost effective the project.

In addition, it is appropriate to note which if any projects are for demonstration purposes, with replication potential elsewhere, and also whether any projects have a regional significance beyond the country boundary.

First Year	Description of Project	Sector Affected	Project	ODSs Reduction Incremental (tonnes X ODP)	Project Cost	ODSs Reduction
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Commentary: - observations on \$/tonne ratios  
 - are any projects for demonstration purposes?  
 - do any projects have regional significance?

#### **IV. COUNTRY PROGRAMME COVER SHEET**

# Country Programme Cover Sheet

Country \_\_\_\_\_ Date Received \_\_\_\_\_  
 Lead National Agency \_\_\_\_\_ Period Covered by \_\_\_\_\_  
 Lead Implementation Agency \_\_\_\_\_ Country Program \_\_\_\_\_

## 1. Phase Out Schedule

Substances	Current Consumption (tonnes x ODP) in _____ (year)	Planned total consumption till phase-out (tonnes x ODP)	Planned year phase-out of
CFC 11 CFC 12 CFC 113 Halon 1211 Halon 1301 CTC MC			
Total			

## 2. Government Action Plan

Year(s)	Description of action	Sector (if any)	Intended effect	Estimated Costs

## 3. Project Summary

Year(s)	Type of project	Project Description	Project Cost	Incremental cost	Participating Implementing Agencies (if any)	Tonnes x ODP Phased Out

Project types include: pre - investment, training, workshops, information transfer, capital.

## 4. Costs

Cost of Activities and Projects in Country Programme \$US   
 Estimated cost of complete phase out \$US   
 Estimated cost effectiveness \$US  per tonne x ODP

## 5. Comments

## Annex IV

### BILATERAL AND REGIONAL COOPERATION

#### Introduction

1. Several members of the Executive Committee have sent their views on bilateral co-operation as presented at the fourth meeting of the Executive Committee in document UNEP/OzL.Pro/ExCom/4/2/Rev.1, Annex III. The Secretariat has incorporated some of these views in the present document.

2. In its decision II-8 to establish the Multilateral Fund, the Parties agreed that "Bilateral and, in particular cases agreed by a decision of the Parties, regional co-operation may, up to twenty percent and consistent with any criteria specified by decision of the Parties, be considered as a contribution to the Multilateral Fund, provided that such co-operation as a minimum:

- (a) Strictly relates to compliance with the Provisions of the Protocol;
- (b) Provides additional resources; and
- (c) Meets agreed incremental costs."

Two of the functions of the Executive Committee pursuant to this decision are:

"To assess annually whether the contributions through bilateral co-operation, including particular regional cases, comply with the criteria set out by the Parties for consideration as part of the contributions to the Multilateral Fund", and; "To report annually to the meeting of the Parties on the activities exercised under the functions outlined above, and to make recommendations as appropriate".

3. The procedures for assessing bilateral and regional cooperation are outlined below. However, in order to benefit from the 20 per cent provision, approval of regional cooperation is subject to a decision of the Parties. Only amounts given in the form of grants or the equivalent to countries operating under Article 5, paragraph 1, may be considered to be bilateral cooperation and deductible from contributions to the Multilateral Fund.

Operational aspects

4. Countries not operating under Article 5, paragraph 1, and intending to withhold up to 20 per cent of their contribution for the purpose of bilateral or regional assistance should, to the extent possible, indicate this in writing to the Fund Secretariat, specifying the year to which it should be credited. The Secretariat shall circulate such information to all countries not operating under Article 5, paragraph 1, and to the implementing agencies.
5. The countries not operating under Article 5, paragraph 1, shall submit to the Secretariat, as early as possible, the documentation for assessment of their bilateral or regional contributions.
6. The documentation shall identify beneficiary countries and the activities related to implementation of the Montreal Protocol in these countries, with timetables and estimated budgets. A country not operating under Article 5, paragraph 1, shall also indicate in its documentation whether an agreement has been reached with a beneficiary country and the relationship with the country programme of the beneficiary country.
7. If the bilateral or regional assistance will be in the form of a contribution in kind, both the country not operating under Article 5, paragraph 1, and the beneficiary country shall agree on the financial cost of such contribution according to the measures adopted by the Executive Committee for costing contributions in kind.
8. The Fund Secretariat shall prepare an assessment of all proposals for bilateral or regional assistance against project eligibility criteria set out by the Executive Committee, in its Implementation Guidelines and shall report this assessment to the Executive Committee.
9. The Executive Committee shall assess these proposals in light of the recommendations provided by the Secretariat.
10. In some particular cases, in order to avoid delays in starting bilateral assistance projects, the Fund Secretariat pending the forthcoming meeting of the Executive Committee may consult with the Chairman and Vice-Chairman, and shall transmit the result of such consultations to the other members of the Committee for their information. Should any member notify objection to the proposed activities by telex, fax or mail within four weeks of receiving the document, the proposal would be considered at the next Executive Committee meeting. If no member objected to the document within that time period, the Secretariat could advise the country not operating under Article 5, paragraph 1, whether or not the proposal satisfied the criteria stated above and therefore qualified as eligible.
11. A progress report on bilateral or regional activities, including financial reporting, should be submitted by the donor country to the Secretariat semi-annually.

12. The amount representing the annual bilateral cooperation would be credited for the year designated by the country not operating under Article 5, paragraph 1, as part of its contribution.

Regional Cooperation

13. The Executive Committee in its annual report to the meeting of the Parties shall provide recommendations in respect of contributions of specific Parties to the Multilateral Fund made through regional cooperation.

14. The amount representing regional cooperation accepted by the Parties shall be credited against contributions due from a country not operating under Article 5, paragraph 1, to the Multilateral Fund for the year designated by the country.