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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Twenty-ninth Meeting  
Beijing, 24-26 November 1999

**REPORT OF THE  
CONTACT GROUP ON REFRIGERANT MANAGEMENT PLANS**

This document consists of:

Part I: Note from the Secretariat

Part II: Refrigerant Management Plans (RMPs): A synthesis report by the Facilitator.

Part III: Facilitator's proposal of possible elements of decisions for further discussions at the Twenty-ninth Meeting of the Executive Committee

Part IV: Comments on refrigerant management plans from members of the Executive Committee and Implementing Agencies

**Part I**  
**Note from the Secretariat**

1. At its 27<sup>th</sup> Meeting, the Executive Committee constituted a Contact Group to review issues related to refrigerant management plans (RMPs) and to assess the need to review the current guidelines for preparation of RMP project proposals.
2. In its report to the same meeting, the Contact Group noted that the approach to RMPs was determined by a number of factors that might have adverse effects on the preparation and implementation of RMP projects. These factors include *inter alia*, time constraints, demand for funding of investment projects, the project-by-project approval system, the availability of large amounts of CFCs at low cost, the situation of low-volume-consuming countries, the lack of a policy or legislative framework, and performance targets for the Implementing Agencies. The Contact Group also identified a number of requirements for changing the approach and considered that there was a need to collect and digest information and field experience and draw conclusions from it.
3. Based on the preliminary findings by the Contact Group, the Executive Committee decided (decision 27/85):
  - (a) To invite members and Implementing Agencies, including those involved in bilateral cooperation, to communicate their views and field experience to the Secretariat in writing to be used as input for discussions by the Contact Group on the occasion of the Twenty-eighth Meeting of the Executive Committee, taking into account document UNEP/OzL.Pro/ExCom/27/Inf.4 and possible links with other policy issues; and
  - (b) To request the Sub-Committee on Monitoring, Evaluation and Finance to take up the question of performance targets applicable to preparation and implementation of refrigerant management plans.
4. As of 1 June 1999, comments on RMPs were submitted by the Governments of Canada, Italy (provided by Germany which is co-opted with Italy), Sweden and Brazil (provided by Uruguay which is co-opted with Brazil), and also UNEP DTIE. Subsequently, the Fund Secretariat compiled the comments, as received, and distributed to all members of the Contact Group.
5. At the 28<sup>th</sup> Meeting of the Executive Committee, the facilitator of the Contact Group reported that the Group had so far been unable to reach a conclusion and had decided that its members should send their written comments on the issue to the facilitator by 1 September 1999. Those comments would be synthesized in an attempt to build a new basis for further discussions at the next meeting of the Contact Group and it was hoped that the Group would be able to arrive at a conclusion which would permit the Executive Committee to take an informed decision at its next Meeting.

6. The Facilitator of the Contact Group provided a document consisting of the following:
- Refrigerant Management Plans (RMPs): A synthesis report by the Facilitator.
  - Facilitator's proposal of possible elements of decisions for further discussions at the Twenty-ninth Meeting of the Executive Committee
  - Comments on refrigerant management plans from members of the Executive Committee and Implementing Agencies

which are reproduced in this document as Parts II, III and IV, respectively. The Facilitator requested the Secretariat to have them distributed to all members of the Executive Committee.

## Part II

### Refrigerant Management Plans (RMPs): A synthesis report by the Facilitator

#### *Preparation and Implementation of new RMPs*

The Executive Committee's Decision 23/15 states that "*The overall objective of a Refrigerant Management Plan is to develop and plan a strategy that will manage the use and phase-out of virgin CFC refrigerants for servicing refrigeration and air-conditioning equipment*".

Currently approved RMPs do not meet this objective. Their basic weakness is that they do not tackle the key problem, namely that the major part of the consumption of CFC refrigerants for servicing (and installations on site) is in the hands on small enterprises and individual equipment owners and that many of the enterprises are in the informal sector.

To meet the objective as stated in Dec. 23/15, it is necessary to design action plans which are capable of phasing-out the use of CFC refrigerants in *both the formal and informal sector*, within the schedules given in the Protocol. The action plan will have to target not only the service technicians but also the supply of refrigerants and CFC equipment, as well as equipment owners and their tendency to choose the cheapest solution - based on a detailed assessment of the current and likely future consumption by sub-sector and an evaluation of the current structure, training, business and work practise among the service enterprises. It must take into account potential enforcement mechanisms and how to secure sustainability. The action plan will have to include a mix of regulations, economic incentives and disincentives, training, public awareness and cooperation with industry - none of these tools alone will be enough achieve the required results. The challenge is to define the mix which will achieve the required results under the prevailing conditions in the country within the time available (as decided by the CFC baseline consumption, current consumption and the impact of other ongoing or planned projects). The action plan must therefore be country specific. It must be developed with close involvement of the authorities, industry and training institutes of the country.

Defining the proper mix will have to be done at two levels. The *first level* includes *defining the strategy in general terms*. This includes resolving issues such as:

- how is the CFC consumption for servicing/installations on site distributed by sub-sectors? what is the current structure of service enterprises, training, etc. in each sector? what are the trends?

(This part is generally fairly well covered in submitted RMPs.)

- what potential tools are available to the government to reduce this CFC consumption?
- to what extent can the consumption be reduced by training of service technicians? what kind of training? what kind of equipment would be a minimum requirement to reach those results?
- should the right to service and install ODS equipment be confined to authorised enterprises with the proper training and equipment? if not, how should the price competition between trained and untrained technicians be tackled?

- should the supply of ODS refrigerants be controlled and how?
- how to minimize the risk of illegal imports?
- can the price of CFCs be influenced by any government decision? how?
- how to prevent back conversion to CFC refrigerants? should import of second hand CFC equipment be controlled?
- what enforcement mechanisms are possible?
- should economic incentives and/or disincentives be introduced? what kind of incentives and/or disincentives?
- how could the equipment owners be induced to use trained service enterprises which recover the ODS refrigerants and apply good practise?
- should in principle the cost of training, equipment and additional time needed for recovery and proper maintenance be carried by the consumer, the service enterprise or the government (with or without support from the Fund)? for instance, should recovery/recycling equipment be subsidised? should concessional loans be made available? should training be free?
- is the mix of measures so identified likely to achieve the required reductions in time (taking into account the informal sector)?

The *second level* includes resolving these issues in detail, such as:

- how to organise training so that all existing enterprises have a possibility to achieve it?
- how to train all trainers as needed to ensure proper training of all existing as well as new technicians?
- what changes are needed in the vocational training curriculum?
- what equipment will be required at enterprise level?
- should there be exceptions for certain sub-sectors? what will be the implications of such exceptions with regard to the possibilities to reach the target levels?
- what specific requirements should apply to suppliers and equipment owners?
- who should issue authorization/certification (if applicable)? what conditions should be linked to such authorisations? will the same requirements be applicable to all types of equipment?
- should recording of sales and/or measures undertaken by the enterprises be required?
- what should be the level of economic incentives and disincentives?
- who should be eligible?
- how should cooperation with industry associations be established? what would be the role of these associations?
- what should be the content of information to equipment owners, enough to convince them to use trained service technicians?
- what will be the cost of decided actions and how will it be financed?
- by what date can requirements and other decisions enter into force?  
all of which will finally decide the exact text in government regulations and other decisions.

The description of the *first level* corresponds broadly to the description in the July paper from the RMP Contact Group on “Possible elements of Decisions” of a “*full and detailed assessment of the refrigeration sector as well as a detailed action plan for setting up and implementation of the*”

*RMP*". It goes, however, somewhat beyond a "detailed action plan" as it includes tentative decisions on a "comprehensive strategy including institutional and legislative measures for the phase out of controlled substances" as described under Implementation of an RMP, phase 1. The *second* level includes remaining parts of that phase (the actual preparation of regulations, etc.). This is a modification of the July paper and takes into account the comments made by the US and Canada on the need to include phase 1 of the Implementation of the RMP in the Preparation of an RMP.

The description above of issues to resolve attempts to indicate the issues which need to be considered in order to meet the RMP objective as stated in Dec. 23/15. The RMPs as approved to date have taken a more limited approach, with outputs generally confined to projects on training of trainers and service technicians in good refrigerant management practise, training of customs officers and distribution of recovery/ recycling equipment (with recovery/recycling equipment provided only to a limited portion of the service enterprises which are currently active in the sector). These approved RMPs do not claim to achieve the reductions which are required to meet applicable Protocol levels. This more limited approach is in line with point 3.1. of the Guidelines for Preparation of Refrigerant Management Plans which states that a Refrigeration Management Plan "*will include all or some of the following elements, in accordance with country specific needs: 1. Training programme for refrigeration technicians. 2. Recovery and Recycling system. 3. Training of customs officials. 4. Improved system for collection and monitoring and control of consumption of ODS refrigerant.*"

The funding for preparation and implementation of RMPs has been adopted to the more limited goal as described in the Guidelines point 3.1, with a "default budget" of US\$ 30,000. A consultant involved in preparation of RMPs has informed us that this "default" budget covers the cost of one week long mission with field visits to instruct a local consultant on data collection and assessment of the current situation, plus desk work to develop the standard proposals mentioned above. When combined with a Country Programme, two week long missions are possible. It is obvious that such a limited input will not make it possible to resolve the issues described above even at the first level. No or very limited funding have been provided to achieve the results described at the second level.

The Executive Committee will have to decide whether the purpose of the RMPs should be to identify the measures needed to meet objectives as stated in Dec. 23/15 (which implies meeting the Protocol deadlines), or the more limited purposes as described in the Guidelines, point 3.1. Funding must then be adapted to the size of the task.

### **Relations between Preparation of RMPs and the Implementation of RMPs**

The *first level* can and should be part of any Refrigerant Management Plan, while the *second level* can be considered part of the Implementation of the RMP.

Recognizing the different stages in setting up the necessary legal and institutional framework offers a solution to the current delay in implementing traditionally approved RMP Implementation elements. It might be possible to start these activities based on government decisions *at the first level*, while still working on the details of the regulations and decisions. This would be consistent with the ExCom decision that some of these elements should not move

ahead until relevant legislation is already in place "*or until substantial progress has been made towards promulgating such legislation*". There are some disadvantages in starting the practical part of the implementation before the legislation is really in place, but also some advantages which might outweigh the disadvantages. It would imply that - when training of trainers, service technicians and customs officers - it would be possible to tell *what* the requirements and incentives/disincentives will be but not exactly *when* and *how* they will be applied. The advantage is that such early warnings would make the enterprises, institutions, authorities and equipment owners well prepared for upcoming requirements. It would also make it possible for the government to take experience and comments into account when finalizing the decisions. This modification of the July proposal takes into account the concerns expressed by Italy (Germany) and others on the potential delay to be caused by dividing the Implementation in two phases. It also makes it unnecessary to decide which phase a certain type of activity should belong to.

With this approach, funding would be requested for the detailed work to set up the institutional framework as well as for the practical implementation of activities when the RMP is submitted. As compared to the two-phased implementation as suggested in July proposal, it has the disadvantage of making it necessary to estimate the costs of the practical implementation based on preliminary data, but has the advantage that the government, in its work to arrive at final decisions, knows exactly what part of the costs will be financed by the Multilateral Fund and, consequently, what has to be financed by other means.

### **Funding of Preparation of RMPs and Implementation of RMPs**

It is obvious that a major part of the input must come from national resources, and especially from the NOU.

But international technical assistance is definitely needed both when developing the strategy in general terms and when designing it in detail. The success or failure of a government strategy depends in reality on the details. It is therefore essential that the details are well considered from the start (where *inter alia* the question of when the regulations can enter into force is a critical issue, linked to practical implementation and how to secure support from those affected by the decisions). It is relatively easy to make adjustments before a regulation is adopted, but credibility and potential for success is quickly lost if changes are needed afterwards. Correcting mistakes can delay the successful implementation of a phase-out strategy by years.

For the development of the strategy in general terms (first level), the funding should include costs for local consultants, as well as international government and refrigeration experts (as noted at the Cairo workshop, there are very few persons around which have enough experience of both the governmental and industrial/technical aspects). As a minimum, the international experts will be needed for an initial mission with field visits to initiate investigations on the current situation and two missions for discussions and considerations on potential options and solutions regarding all the issues described above at this level (with preparatory and advisory work in between).

The detailed work at the second level will require similar technical assistance. The extent will differ depending on the consumption of CFC refrigerants in the country, the number of enterprises and technicians, the complexity of issues/solutions involved, etc., but is likely to be at least of the same order as the funding needed for the first level.

When taking detailed decisions on regulations and incentives, it is essential for the government to know to what extent the cost of the practical implementation - training of trainers, equipment to training institutes, training of the enterprises, the equipment required at the enterprises, the public awareness, the cooperation with industry associations, etc. - will be paid by the Fund, in totally or as support to incentives such as subsidies or concessional loans. There is therefore an urgent need for a policy decision by the Executive Committee on this issue.

Time is an important factor. For countries where the consumption in this sector amounts to two third or more of the baseline consumption, time is already short. In particular it will be a challenge to meet the 85% reduction required by 1 January 2007 (only about six years from today). At least one year will be needed to get the regulations and other decisions in place. In countries with many service enterprises, at least another year will be needed to get all relevant enterprises trained. This allows only four years for adopted measures to render results in terms of reduced consumption. It is therefore essential that the Art.5 countries gets the institutional and technical assistance they need to tackle this task now. This applies not only to low volume consuming countries, but as much to the medium size and larger countries. If we do not provide the necessary assistance now, the risk that we will see widespread non-compliance with the Protocol requirements by 2007 and 2010 is considerable. In money terms, the institutional and technical assistance needed is minor in comparison with the money spent from the Fund on investment projects. A substantial part of the resources spent on investment projects can be wasted if the servicing sector is not adequately tackled, as can already be experienced by the ongoing back-conversion in the refrigeration sector.

### **Already approved RMPs**

In general, countries with already approved RMPs have not got any technical assistance to design a strategy which will allow them to phase out the CFC refrigerant consumption in the informal as well as the formal sector. Some implementing agencies, in particular the bilateral, have tried to provide some support within their available resources (within or outside the Fund context). This lack of technical assistance is delaying the implementation of the RMPs and hereby endangering the prospect that the countries will be able to control the CFC consumption in time. They should be able get additional assistance to design a strategy which can achieve the required reductions. As some measures are already taken or underway in some countries, it would have to be on a case-by-case basis.

Implementation of approved projects could move forward according to present rules, taking into account that projects for which it is required that relevant legislation is already in place or substantial progress has been made should be able to proceed as soon as the tentative decisions on a comprehensive strategy are taken.

## **Revision of Guidelines**

Apart from the crucial text in point 3.1. and the lack of highlighting the importance of the informal sector, the approved Guidelines for the Preparation of Refrigerant Management Plans (RMPs) describe reasonably well the work to be done to prepare an RMP, although partly in fairly general terms. A small working group to review the Guidelines in light of available experience could be useful. The Executive Committee need, however, to first resolve the discrepancy between Dec. 23/15 and the expected output according to point 3.1. It might also be necessary, and probably more adequate, to resolve the issue of what elements should be considered eligible for funding separately.

## **HCFCs**

UNEP proposes that HCFC refrigerants should also be covered. We support this proposal.

## **Summary**

### *Preparation of new RMPs*

Before approving preparation of new RMPs, the Executive Committee will have to decide whether the expected output should be as outlined in point 3.1 of the Guidelines or in Decision 23/15. In this context, a modification of Dec. 23/15 to also HCFC refrigerants could be considered. In our opinion, the RMPs should aim at reducing the ODS refrigerant consumption as required to meet the applicable Protocol time limits - *provided* that the technical assistance from the Fund is appropriately adopted to this, quite difficult, task.

Preparations of RMPs could then move ahead following the approved guidelines, as modified by the decision as relevant.

Comments below are based on the assumption that the task is to meet the objectives of Dec. 23/15. The comments contain modifications of the July proposal, taking into account comments received from the US, Canada, Italy (Germany) and UNEP.

The RMP should contain a full and detailed assessment of the refrigeration sector and tentative decisions on a comprehensive strategy which includes identification of the institutional and legislative measures needed to achieve phase-out of ODS refrigerants within the applicable Protocol deadlines. It should contain requests for funding of the detailed work to set up regulations and the institutional framework, as well as for the practical implementation of the activities.

### *Implementation of RMPs*

The Implementation of the RMP would then consist of the detailed work to put regulatory and institutional measures in place and the practical implementation of the decided measures (examples are given under Implementation of RMPs, phase 1 and 2 in the July paper and above under the description of “second level”).

*Already approved RMPs*

Technical assistance to achieve the objective of Dec. 23/15 should be given on a case-by-case basis to those countries which do not yet have a comprehensive strategy in place. Already approved RMPs could move ahead according to present rules, taking into account that projects which are currently awaiting legislation to be put in place should be able to proceed as soon as tentative decisions on a comprehensive strategy are taken.

*Financial issues*

The Fund should provide appropriate technical assistance to develop and design the legal and institutional framework, as needed to meet the objectives of Dec. 23/15, for Preparation of the RMP as well as for the Implementation phase, as further elaborated above.

The Executive Committee should also urgently take a decision on the extent of support to necessary elements of the practical implementation (training of trainers, training of currently active technicians, establishing of trade associations, information, equipment to training institutes, incentives/subsidies to equipment at enterprise level, etc.). A global approach to the funding of such activities, based on the ODS consumption in the sector and a cost effectiveness threshold - with a minimum fixed base - should be considered as a possible alternative to an item-by-item approach.

*Revision of the Guidelines*

Based on a decision of the expected outputs of the RMP, a small group could be established to carry out a revision of the guidelines in the light of the available experience (taking into account inter alia comments given at the Cairo workshop).

### **Part III**

#### **Facilitator's proposal of possible elements of decisions for further discussions at the Twenty-ninth Meeting of the Executive Committee**

##### Preparation of new RMPs

The preparation of RMP project should follow the approved guidelines and would be considered as completed for consideration for approval and subsequent implementation with the submission of a full and detailed assessment of the refrigeration sector of a given country as well as of a comprehensive strategy, which includes the detailed description of the institutional and legislative measures (including equipment) necessary for the phase out of the controlled substances in the refrigeration sector.

Beside the detailed assessment of the refrigeration sector, activities immediately implementable such as, preparation of legislation and regulation, awareness raising activities, activation of professional associations, planing and organisation of training activities on good practices, custom control, etc., adaptation of vocational training curricula, etc. will be achieved during RMP preparation.

It should contain request for funding for the implementation of the activities and the supply of the necessary equipment described in the strategy submitted.

##### Implementation of RMPs

The implementation of the RMP will proceed with the activities implementable once institutional and legislative framework has been prepared, like detailed work to set up the institutional framework, implementation of the legislation, implementation of a recovery and recycling scheme, training activities, information activities, custom officer training, retrofit activities.

##### Already approved RMP

Already approved RMP should start/continue with their implementation as far as possible under the present ExCom rules.

Elements of RMPs not being part of the project initially approved but being identified during beginning of implementation and considered as essential for the terminal nature of the RMP to be met, could be submitted in a second project proposal. Such second proposals might be considered by the Executive Committee on a case by case basis.

##### Financial issues

Due to the introduction of substantial new activities in the preparation of the RMPs, the level of funding required for it must be increased by [x] %.

The adequacy of the level of funding currently approved for RMP project preparation as well as project implementation should be checked against the requirements of the existing guidelines and the practical experience gained since adoption thereof. In doing so, the activities of the national authorities.

A global approach of the funding of the RMP based on a Cost effectiveness threshold + a fixed basis could also be considered.

#### *Revision of the Guidelines*

Some specific changes in the guidelines might be considered in the light of the last available experience and in particular of the recommendations expressed in the Cairo RMP review meeting report (document UNEP/OzL.Pro/ExCom/27/inf.4). In particular following elements might be considered as eligible for funding such as Support for establishing legislation and regulation, Equipment of training institutes, Financial incentive for retrofitting activities, Destruction of unusable refrigerant....

## **Part IV**

### **Comments on refrigerant management plans from members of the Executive Committee and Implementing Agencies**

#### **COMMENTS FROM CANADA**

##### **Preparation of new RMPs**

The government of Canada agrees that the preparation of new RMPs should follow the existing, approved guidelines, and supports the definition laid out in the Swedish proposal regarding what constitutes a RMP ready for implementation.

Canada would however, like to suggest that Phase 1 (inclusion of institutional and legislative measures) contained in the 'Implementation of RMPs' section of the Swedish proposal be included, from hereon, in the preparation of new RMPs. The rationale behind this suggestion stems from the fact that at present, RMPs are approved for implementation with the stipulation that certain of their project elements (R&R programmes and, more recently, customs training) not be implemented, nor related funding disbursed, until such a time as "...relevant legislation [is] already in place or until substantial progress has been made towards promulgating such legislation". Although we feel that fulfilment of this requirement is necessary, it has engendered project implementation and fund expenditure delays due to the often complex and timely process required to amend existing or put in place appropriate legislative measures.

Incorporation of Phase I into the preparation of new RMPs would allow NOUs to focus on institutional capacity-building (adoption of appropriate legislative and regulatory measures, establishment of professional associations, etc...) from the outset, while simultaneously engaging all relevant national stakeholders and securing their 'buy-in' while the RMP is under formulation. In our opinion, RMPs formulated in such a fashion would be ready not only for immediate but also more effective implementation upon approval.

In order to provide adequate support for such capacity-building activities, Canada would support increasing the level of funding allocated to RMP preparation projects in order allow such components to be developed (25-50% seems reasonable). Management of such capacity-building activities should fall under the responsibility of the NOU.

##### **Implementation of RMPs**

As aforementioned, we are of the opinion that Phase 1 proposed under this section should figure under the development of RMPs stage of the process. As a result, the implementation of RMPs would proceed as it does now, but with the appropriate legislative framework already in place or at least well underway.

The RMP is meant to be a comprehensive terminal sector strategy and as a result Canada feels that from hereon, requests for funding should be made only once upon submission of the RMP for the consideration of the Executive Committee.

### **Already approved RMPs**

Canada supports the notion that RMPs already approved should continue to be implemented under the present set of guidelines.

Canada does not favour the idea of having to review secondary requests for funding for all RMPs presently under implementation in order to address existing lacunae. This said however, in recognition of the fact that a significant number of RMPs already under implementation may lack some of the funding necessary for effective implementation, we would be amenable to reviewing requests for secondary funding on a case-by-case basis, where it is clear that without additional funds the overall terminal nature of the RMP will not be met, including instances where the establishment of an appropriate legislative framework is still pending. Acceptable levels of funding for such secondary requests could be considered on a case-by-case basis.

### **Financial Issues**

Although we do not disagree with the idea of reviewing the funding requirements against implementation requirements through a more global approach, the speed at which RMPs are being implemented is somewhat slower than was initially expected. As a result, to date we do not really have any practical experience regarding the FULL implementation of RMPs, only of certain RMP components.

Although in principle a review of certain RMP components that have been more widely implemented (e.g. train the trainers in good management practices) could be undertaken, we would prefer to undertake evaluation of fully completed RMPs, and this may still take some time. As a result, it would seem that we are forced to continue to assess RMP funding requests on a case-by-case basis.

### **Revision of Guidelines**

As indicated under section I of the Swedish proposal and as aforementioned under the 'Preparation of new RMPs' section of this document, Canada supports the continued use of existing RMP guidelines. This said, we would not be opposed to the guidelines being modified should a comprehensive evaluation of a number of fully implemented RMPs demonstrate that certain adjustments were necessary. However, since this information is not yet available we feel that at this time such a course of action would be premature.

At this time, consideration of financial incentives for retrofitting activities and destruction of unusable refrigerant is also considered premature.

One critique levied against the manner in which RMPs are developed and implemented is in regard to the use of a 'cookie cutter', standardized approach. We feel that the evaluation criteria

used by the Secretariat and all implementing agencies should be harmonized but not standardized, in order to allow national circumstances to be taken into consideration.

## COMMENTS FROM ITALY

### **The following comments were provided by Germany (GTZ) which is co-opted with Italy**

We welcome the idea to divide the implementation of RMPs into different phases, however, for some reason we have a different view concerning the proposed funding of RMP activities.

GTZ is currently implementing RMPs for 14 countries in Southern and Eastern Africa. The implementation takes place in several phases. For each country a detailed operational plan has been developed and is used as a guideline to the implementation of the RMPs. All activities are linked together in a logical sequence over a defined period of time. This step by step approach shows on the one hand the need for regulations to be defined and implemented before customs officer may be trained. On the other hand trainers have to be trained prior to the setting up of inland evening courses for technicians. In addition, this model allows experiences from the practical level to be fed back into the planning process which is essential for a flexible project planning.

It is the responsibility of the implementing organization to decide when the implementation of one activity is completed and the implementation of the following activity can commence. For this decision, appropriate monitoring instruments are required. The operational plan provides the basis for such a system.

A division of activities into two implementation phases to be approved by the ExCom would hamper the continuity of the implementation. Moreover, we anticipate that the split of activities will cause severe problems due to delay in the provision of funds.

Secondly, we feel that this suggestion does not take into account that the situation in the countries varies widely with respect to legislation. What has been proposed can be considered as one approach for a country with no legislation in place. But this approach must not necessarily meet the requirements of another country and, therefore, we should be careful not to set a precedence.

For the revision of the guidelines we suggest that the findings of the RMP workshop, summarized in the document UNEP/OzL.Pro/26/Inf.4 will be reflected in the possible recommendations to the ExCom. Thus, we would like to see activities like support measures to ensure the sustainability of RMP objectives through training institutes, Refrigeration Associations, etc. and sector specific awareness activities also included into the recommendations to the ExCom.

## COMMENTS FROM THE UNITED STATES

### Sections 1 and 2 - Preparation for new RMPs, and Implementation of RMPs

The US supports what we understand to be the Canadian proposal that your para 1 should be combined with your “Phase 1” proposal.

Rationale: At the present time, countries/agencies are requesting funding for activities that they are not ready to implement. Further, all RMP approvals are taken with a proviso that says that certain components can not be implemented until certain legislation is in place. Experience has demonstrated that this causes long delays in expenditures while the related legislation is being put in place. What this means is that related money is being «parked», and not used where it can achieve more immediate reductions from projects ready to move forward with expeditious implementation. If we merged your para 1 proposal with your phase 1 proposal, what it would mean is that the projects would not come forward for Excom approval until the sector evaluation was completed and the required legislation was in place. Taking into consideration the fact that your «phase 1” proposal would take a little longer, and involve more complex activities, it would seem fair to suggest that the level of funding currently provided for project preparation for RMPs could be increased by 25-50%, to enable some assistance to be provided to national deliberations in the development of the Phase 1 requirements.

Moving forward on this basis, the RMP submitted would then have a detailed assessment of the refrigeration sector, and a strategy, which, among other things, outlines the legislative measures and/or economic measures that have been taken to ensure that the sector is effectively addressed. Finally, it would have what is noted as phase 2 in your proposal. Given this, it should be very possible to consider the RMP submitted to maintain the «terminal» character of projects approved to date.

Regarding some of your phase 2 activities, however, the assumption that retrofit activities will be funded is not, I believe assured. Any such requests should be consistent with Excom guidelines that in some cases, may remain to be developed. In any case, a plan should be developed with minimization of such retrofits in mind..

### Section 3 - Already approved RMPs

RMPs approved to date have been approved with the understanding that they were terminal projects for the sector. At the time of approval, the US urged, given that these may be the only projects in these countries, that the Excom not to approve so many of them until we had an understanding of the issues we might face. Accordingly, we urged that only a hand full be approved as demonstration projects, and that we move on the basis of experience to develop these terminal projects for other countries. Unfortunately, one delegation strongly disagreed and insisted on moving forward immediately , and we reluctantly agreed.

Given that history, we agree that already approved projects must continue with implementation under the current guidelines, and we do not believe that we should entertain secondary project

proposals. We could, however, and on a case by case basis, agree to enhanced funding for project preparation (up to 25% of the original request) to allow a country to develop components it may not have been able to fully develop under the initial project. Countries must then focus their institutional strengthening funding to address any other issues they have discovered are not fully covered. This, of course assumes that we are, after all, talking about countries where the vast majority of the ODS in the country was in this sector, and the primary job of the ozone unit was and is addressing this sector.

#### **Section 4 - Financial Issues**

We are not certain what the last clause in para 1 means. However, we do believe it would be useful to evaluate the RMPs after 5-10 of them have been fully implemented. It may be useful following such an assessment, for the full ExCom to consider how to fund future RMPs. However, given the timing of activities, and the regrettable manner the Excom has chosen to move ahead with them, it may be that by the time 5-10 RMPs have been fully implemented, there will be no more RMPs to fund.

#### **Section 5 - Revision of guidelines**

This para seems to be fully inconsistent with the first element discussed - which we had agreed with. We do not believe there is a need for wholesale changes of the guidelines - just an adjustment of the strategic view. We could not support specific funding for establishment of regulations and legislation (believing that is the responsibility of the government, and should, most clearly in these countries that only have a refrigeration sector to be concerned with - be supported within the IS projects - which are already augmented by the RMP funding provided). We also believe, a decade before the phase out is required, it is premature to discuss financial incentives for retrofitting activities and destruction of unusable refrigerant. On this latter issue, we would be interested to understand how many developed countries currently destroy unusable refrigerant. One thing that is clear is that this is not required by the Montreal Protocol to enable compliance, making consideration of its funding, in the absence of easily available, very cost effective options, highly suspect. We believe discussion of these activities at this time is very premature.

## COMMENTS FROM UNEP DTIE

### Preparation Of New RMPs

- In paragraph one, we suggest to add to “as completed” the following “for consideration for approval and subsequent implementation”.
- Even if paragraph one is adopted, it does not guarantee meeting the overall objective of this exercise, i.e. “improvement in the preparation of RMPs”. In fact, the IAs are currently ensuring that the preparation of the RMPs is according to the approved guidelines. However, there is still a wide variation in quality in RMPs, as pointed out by the MFS. Such variation could be due to country specific situations or understanding of the guidelines by IAs, consultants and MFS. For this reason, the decisions on preparation of RMPs should be more focused in unifying the criteria of evaluation of completed RMPs as agreed between MFS and IAs.

The experience has demonstrated that the current guidelines provide an excellent framework to determine all the elements needed to prepare an “ideal” RMP. Now, after two years and more than 40 proposals of RMP submitted, the experience needs to be reflected in the decision. We therefore suggest adding after the first paragraph the following: “Criteria for evaluation of RMPs should also be formulated for the purpose of common understanding of MFS, IAs and NOUs”.

UNEP strongly suggests that coverage of HCFC 22 in RMPs needs to be strengthened. This is an important lesson learnt during last two years of realm Of RMPs.

### Implementation Of RMPs

- As each specific activity identified within the RMP is not dependent on all legislative measures that will be undertaken during phase I, it is necessary to put more flexibility in the way funds will be requested for activities in phase II. In fact, the ideal situation would be that each activity in phase II could be presented for funding separately as soon as the corresponding regulatory measure is put in place.
- Awareness, information exchange and activities related to capacity building need to be undertaken in the process of enacting legislation. Thus information activities should also be part of phase I. Further, it will not be advisable to overlook country specific situation - specifically where legislation study is a tedious and long process. Judgement need to be used by the approval authorities to approve funds even if legislative making is in process. Certain activities (not included in the RMP early) may arise during implementation and it will be important to keep the probability of “addition” to the funding proposal.

Already Approved RMPs

- In the second paragraph we suggest to change “as part of the guidelines” for “as necessary and justifiable for the success of the RMP”.
- In the same paragraph we suggest to eliminate “beginning of”.

Financial Issues

- In the first paragraph we suggest to replace “*but not including the activities of national authorities*” with “*while taking into account any possible double counting*”.
- The revision of the eligibility for funding should also consider other activities which may require training or financial support:
  - creation of professional associations
  - establishment of codes of good practices
  - establishment of certification scheme for refrigeration technicians.
- Funding levels for preparation of RMPs should be established to be applied in a case by case basis. These levels should be determined by characteristics of the country like the level of consumption in the sector, structure of service sector, geographic distribution of the supply, etc.

Revision of the Guidelines

We agree with the proposal to revise the guidelines. In addition to the main areas mentioned for revision, we suggest to take into account the following remarks:

- A small note on compressor manufacturers should be part of the RMP, as the phaseout of compressor manufacturers will influence the phaseout of end user product manufacturers.
- Retrofitting activities need to be given emphasis in RMPs.
- Milestones should be included in order to determine clearly the transition from phase I to phase II of implementation and to help the involved agencies to co-ordinate their activities.
- The RMP should also include an explanation of how the country will ensure the compliance of the legislation once it is put in place (strategy of reinforcement).

We hope these comments are helpful to build a new basis for further discussions at the next meeting of the Contact Group.