



**United Nations
Environment
Programme**



Distr.
Limited

UNEP/OzL.Pro/ExCom/31/55
4 June 2000

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-first Meeting
Geneva, 5-7 July 2000

**STRATEGIC PLANNING AND THE DRAFT THREE-YEAR BUSINESS PLAN
FOR THE MULTILATERAL FUND FOR 2000 - 2002**

Introduction

1. The Executive Committee decided at its Thirtieth Meeting:
 - (a) “That the question of strategic planning should be discussed informally immediately prior to the Thirty-first Meeting of the Executive Committee and should also be included in the agenda of that Meeting for formal consideration;
 - (b) To request those members who had made detailed comments to submit them in written form to the Secretariat as early as possible;
 - (c) To request the Secretariat to prepare a paper containing the above comments and to provide it, together with the information summary prepared by the meeting of the informal advisory group, held in Paris from 19-21 January 2000, to Executive Committee members for the informal discussions to be held immediately prior to the Thirty-first Meeting;
 - (d) That the development of an overall strategy should be thorough and careful;
 - (e) That, in the meantime, however, in order to facilitate the process, to request the implementing agencies involved with institutional strengthening in those Article 5 countries unable to comply with the CFC freeze and also with the 2002 freeze on halons and methyl bromide to contact urgently the National Ozone Units of the countries concerned to assess what activities may need to be undertaken to ensure compliance; and
 - (f) To request the implementing agencies and the Secretariat to report to the Thirty-first Meeting of the Executive Committee on the results of the above contacts with the National Ozone Units with proposals for recommendations to be taken into account by the Executive Committee in their deliberations on activities of the implementing agencies.”

(Decision 30/57)

2. As a follow-up to the decisions, the Secretariat received written comments from Australia, Bahamas, China, Germany, India, Japan, Sweden, and the United States (Comments from Australia, Germany and Sweden had been received and distributed at the Thirtieth Meeting), as well as the Summary of the Ninth Informal Advisory Group Meeting (January 2000). A consolidation by the Secretariat of the comments received in response to subparagraphs (b) and (c) of Decision 30/57 is provided in Part I of this document.

3. In response to sub-paragraphs (e) and (f) of Decision 30/57, the World Bank, UNDP and UNIDO provided assessment of the status of compliance with CFC freeze and the 2002 freeze on halons and methyl bromide in countries in which they are the implementing agencies for institutional strengthening projects. The assessment is contained in Part II of this document.

PART I

SUMMARY OF COMMENTS FROM EXECUTIVE COMMITTEE MEMBERS AND THE INFORMAL ADVISORY GROUP MEETING

1. The comments provided by eight members of the Executive Committee as well as the summary of UNEP's Informal Advisory Group Meeting are attached as Annex I to this document, and thematically summarised below.

A. Assessment of Multilateral Fund Performance in the Grace Period:

2. The strategy employed by the Multilateral Fund during the grace period was effective in achieving the objectives of that period. It focused on individual cost effective projects and maximized the impact in terms of ODS phaseout. The total cumulative ODS phaseout was about 70% of the total ODS phaseout approved, and 44% of the total baseline consumption of CFCs/halons of all Article 5 countries. In spite of this achievement, the strategy of the Fund in the grace period may have resulted in an uneven distribution of the impact across countries and industries, in favour of large ODS consumers. There was inadequate attention to assisting countries to achieve compliance targets and to the phase-out attributable to industrial, trade restriction, and environmental policies.

3. The project by project approach did not emphasize enough the co-ordination between implementing agencies and Article 5 countries, and a more holistic approach may be needed, like the sectoral strategies and terminal phase-out projects, which were introduced in the recent past. It is important to continue to examine the impact of the Fund's programme on ODS consumption growth in the Article 5 countries, both in the grace period and the period beyond. Therefore, the strategy the Fund adopted in the grace period may not be appropriate for the compliance period.

B. Importance of Accurate Data for Planning

4. The accuracy and validity of data reported in the country programmes and actual data reported to the Ozone Secretariat will need to be discussed. A planning process has to be based on accurate data. This data should include:

- (a) total quantity of ODS in use, quantity of ODS planned to be phaseout by year, by substance and by sector in each country, in each country category according to the average ODS consumption levels for the years of the baseline (in the case of CFCs and halons, 1995, 1996 and 1997);
- (b) the remaining ODS production to be terminated;

- (c) a calculation of the maximum consumption allowed for each type of ODS by specified dates according to the Montreal Protocol (for instance for CFC both the 50% reduction 2005 and the 85% reduction 2007);
- (d) balance to be reduced from baseline to meet these targets (taking into account impact of already approved projects).

5. The draft format for need identification developed by the Secretariat is not exhaustive, as it does not take account of growth rate and establishment of facilities erected after 25 July 1995 (which are not eligible for funding).

C. Setting Priorities

6. The primary responsibility of the Fund as articulated in Article 10 of the Montreal Protocol, is to enable compliance of all Article 5 countries with the Protocol control measures applicable to them. This would mean that in allocating funding during the next couple of years, some activities should come first and others should be allowed less priority.

7. The priority consideration should include:

- (a) insuring compliance by all Article 5 countries;
- (b) production sector phaseout;
- (c) maintain momentum (recognizing that Governments and NOUs have invested in infrastructure and a certain level of continuous investment must be made in order not to lose this critical mass);
- (d) accelerated phaseout in those countries that are willing to do so;
- (e) the need to plan on short term (2000 – 2002) and a long term plan for 2000 – 2010;
- (f) the importance of RMPs.

D. Strategic Considerations

8. Strategic planning should be a dynamic rather than a static process, and should include the following considerations:

- (a) Over the coming years, the Fund might gradually move from a project by project approach towards one that implements countries' strategic plans for fulfilling their obligations under the Protocol. In this regard, the process should be more country

driven, with the implementing agencies being directed by the countries to meet clearly articulated nationally goals developed in the context of a participatory process. These broader plans would include national commitments for phase out, as well as national commitments to implement policy measures that will be used to achieve and sustain the agreed requirements. In this context, and with the understanding that performance will be closely monitored, funding could be provided in a more flexible manner that allows governments significant latitude in determining how to allocate the agreed level of resources to enable full compliance.

- (b) The strengthening of the National Ozone Units in these countries should be accorded a higher priority in the programmes of the Fund. Since the responsibilities for phasing out ODSs rest with Article 5 countries, these countries should assume full control of the national ODS phase out programs and become the main driving force for business planning of the Implementing Agencies and the Fund. The role of the Fund is to assist these countries in this process.
- (c) The use of the Implementing Agencies needs to be reviewed. The system of competing for projects on a random basis is sometimes counter productive and does not make best use of the expertise and resources available. An assessment should also be made of the areas of excellence of the agencies and an attempt might be made to target them to sectors or countries where those areas of expertise could be used. Careful review of the coordination between agencies working in the same country needs to be conducted to see if this is the best way to proceed.
- (d) The Executive Committee should encourage the improvement in the administrative and budgetary management of the Fund and the work of the Implementing Agencies as well as the implementation of the projects by the recipient countries.
- (e) The existence of sizeable undisbursed funds at the agencies representing 60% of the total allocation requires urgent action to accelerate the implementation of projects.
- (f) Technology has advanced rapidly in the areas of substitute replacement chemicals for those with high ozone depleting potential. The Executive Committee needs to look at its policies on the types of technologies industry convert to. While not penalizing the companies who have made conversions in the past, future work should be targeted to ozone friendly technology and not transitional ones.
- (g) The Executive Committee may need to look again at its policy in relation to public education and public awareness. This may be a valuable tool when dealing with the informal sector and SME's.

- (h) The new approach would need to establish linkages with ongoing activities that have developed over the last 10 years. The linkages with data reporting, institutional strengthening projects, country programmes and their updates, RMPs etc. would need to be spelled out clearly.
- (i) Encouragement to LVCs to update the national plans and strategies.

E. Long-term Strategic Planning (2001 – 2010) and Triennium Planning

9. Strategic planning should provide for optimum allocation and efficient use of resources according to agreed priorities during the triennium 2000-2002. Nevertheless the plan should cover not only the current replenishment period but also the period beyond so that it shows a holistic perspective toward the complete phase out of ODS in Article 5 countries. Such a plan should be up-dated every three years on a rolling basis taking into account the progress made during the triennium.

10. In the meantime, there is a need to identify and target first those Article 5 countries unable to comply with CFC freeze, and also with 2002 freeze on halons and methyl bromide if possible, at least two years in advance of an upcoming control provision of the Protocol.

PART II

ASSESSMENT BY IMPLEMENTING AGENCIES OF STATUS OF COUNTRIES IN IMPLEMENTING THEIR FREEZE OBLIGATIONS

1. In response to subparagraphs (e) and (f) of Decision 30/57, the Secretariat and the implementing agencies agreed to the following steps:

- (a) the Secretariat to provide an analysis of those countries that may have difficulty meeting the freeze requirements for one or more of CFC, halon and methyl bromide;
- (b) the implementing agencies involved with institutional strengthening in these countries to contact the National Ozone Units to assess what activities may need to be undertaken to ensure compliance.

2. The Secretariat analysis of data available to it as of December 1999, showed that 41 countries may have difficulty meeting the freeze requirement for one or more of: CFC, halon and methyl bromide. The result of the analysis was provided to the agencies in a matrix form indicating for each country, substance freeze baseline and latest consumption based on data provided to the Ozone Secretariat, approved projects that will be completed through 2002, and an assessment of the residual consumption compared with the baseline.

3. The World Bank provided the requested information on all the countries listed for it. Information was provided by UNDP on 5 countries out of 7 in its list, and UNIDO on 2 countries out of 5 in its list.

4. UNEP did not provide any information on any of the 24 countries on its list.

5. The submissions from UNDP, UNIDO and the World Bank provided updating of latest consumption figures as pertinent, and proposed actions to be taken in the countries concerned.

6. UNDP provided the following information for the indicated countries:

(a) **Bangladesh**

- (i) “On verification of data consumption of Bangladesh in 1998, the Government has in fact met its freeze baseline of 580.4 ODP tonnes for Group A substances. The reason is that the “latest” consumption data of 832.2 ODP tonnes mentioned in your fax refers to their 1997 consumption. The 1998 data consumption report of Bangladesh for Group A substances is only 260.74 ODP tonnes. We have been informed that Bangladesh has submitted its 1998 data to the Ozone Secretariat, and page 3 of this fax contains the ODS consumption data report for 1998 which we are informed was submitted to the Ozone Secretariat.”

(b) **Costa Rica**

- (i) “The demonstration projects in Costa Rica are not due to finish until March 2001. Costa Rica will need to start work on developing an investment project that can be started in March 2001 (or earlier, as soon as usable results from the demonstration projects on going are available). UNDP could start working on that late 2000 if advance authorization is given for project preparation and submission the latest by March 2001.
- (ii) The investment project will have to train at least 20% of MB users (equivalent to 20% consumption) during 2001 and 2002. That represents a lot of farmers (small, medium and large-scale). But this should be possible (just) if we can ensure the project starts in early 2001. For logistic reasons it would be best to focus the reduction efforts on a couple of specific geographical regions where there are large numbers of farmers. The training will need the full backing of the agricultural community – so awareness raising and consultation should be included in the project.
- (iii) The project should also have a policy development component – to identify the activities that need to be carried out by government and the agricultural sectors to ensure Costa Rica meets the reduction (and phase-out) schedule. The NOU may wish to consider having a policy specialist working alongside the NOU for a while to help introduce regulatory and other government measures.”

(c) **Iran**

- (i) “The Government feels that they will be able to comply with the 2002 freeze on halons through the ongoing activities under the “Halon Management Programme” implemented through bilateral cooperation with France. Implementation includes inter alia: establishment of a halon bank to recover/recycle halons; creation of a “Clearing House” to act as an information centre, preparation of strict regulation for establishing new halon systems, preparation of regulations on halons import, and encouraging the use of non-halon systems.”

(d) **Mexico**

- (i) “Halons: While the corrected figures show that Mexico is still 13% over the freeze requirements, there is little doubt on the part of National Institute of Ecology – Mexico that this will be significantly reduced in the near future due in part to investment projects.
- (ii) Methyl bromide: The corrected figures show that the actual consumption

is well under the freeze level, but future investment projects are still critical as the Agriculture Sector is expected to grow in the coming years.”

(e) **Pakistan**

- (i) “The Government has responded by informing UNDP that Pakistan has successfully implemented its first control measure under the Montreal Protocol i.e. freeze of Annex A, Group I substances at the average 1995-97 consumption level as of 1st July 1999, through an import authorization/licensing system for the import of ozone depleting substances in the country. The Government intends to use the same system to comply with their obligations for halons. Attached as page 4 of this fax is a copy of their Import Policy 1999-2000 covering ODS imports, as published in the Pakistan Gazette, 3 August 1999.”

(f) **Trinidad & Tobago**

- (i) “The Government informs UNDP that consumption of halons was drastically reduced in 1999 – from 46.9 ODP tonnes in 1998 to only 5 ODP tonnes in 1999; their baseline was 46.6 ODP tonnes. This has been an essentially industry-driven programme, with users voluntarily agreeing to phaseout halons with a minimal amount being imported to charge the few installations that still exist. For example, the Government says that no new H-1211 fire extinguishers are used in the country, most existing H-1211 fire extinguishers have been replaced, and many of the users of fixed H-1301 systems have either been changing their systems or using alternative substances.
- (ii) Methyl Bromide consumption has been declining, from 3.85 ODP tonnes in 1998 to 2.48 ODP tonnes in 1999 as compared to the baseline of 2.0 ODP tonnes. The Government feels that the phaseout effort has been relatively slow due to reluctance of users to support the effort in the absence of proven substitutes. The importation of methyl bromide is, however, subject to Ministerial License and must be registered with the Registrar of Pesticides and Toxic Chemicals of the Ministry of Health. In light of the impending freeze, more positive action will be taken by the Government to meet the deadline and the Government is confident it will be able to meet its freeze target.”

7. UNIDO provided the following information on the indicated countries:

(a) **Egypt** (freeze requirements for halons and methyl bromide)

- (i) “The following is proposed to overcome the problem:

1. Approval of the Halon Management Plan for Egypt.
2. Restructuring all the regulations for monitoring the end-users.
3. Developing the awareness and training programme.
4. Extension of the IDOU and increase of the supporting staff.

(ii) To achieve the above, the following is required:

1. Develop a National Plan to implement the above-mentioned requirements.
2. Develop an integrated plan, especially for the awareness and training programmes.”

(b) **Macedonia** (freeze requirements for methyl bromide)

(i) “Regarding the freeze requirements for methyl bromide, the proposal made by the Ozone office, and fully supported by UNIDO, is to ensure formulation and approval of the phase-out project in the same sector. A time schedule for the project formulation has been proposed by the same office. This exercise is linked also with the ongoing demonstration project and related inputs. As you are aware, the preparation of the phase-out project in the methyl bromide was approved by the 30th session of the Executive Committee and its preparation is scheduled in the course of June 2000.

(ii) Tobacco is the major crop using methyl bromide in Macedonia. The reported official consumption reads:

1996	20 Mt
1997	20 Mt
1998	21.5 Mt
1999	23.2 Mt

(iii) 90% is used in the tobacco sector, the rest in the vegetable production. Tobacco is one of the major crops in the country, cultivated on 20,000-25,000 ha and the production of oriental type of tobacco leaves of 25,000-35,000 tonnes per year. About 60,000 families, representing 10% of the total population, are working in the tobacco production.

(iv) During the implementation of the demonstration project of the alternatives to the use of methyl bromide, it was found that the real consumption of methyl bromide is higher than reported.”

(v) UNIDO included a copy of the survey which indicated that the actual methyl bromide consumption is 45.4 metric tonnes.

8. The World Bank provided the following information on the indicated countries:

(a) **Chile**

- (i) “The baseline consumption data for Chile should be 370 ODP tonnes (an average of 1995-1998). We have been informed by Chile through the status report on ODS phaseout in its country that methyl bromide consumption in 1999 is about 104 ODP tonnes. Chile should, therefore, be able to meet the freeze in 2002.”

(b) **Ecuador**

- (i) “The Executive Committee has already approved one methyl bromide demonstration project that will be implemented in the year 2000. Besides this, the Government of Ecuador has recognized the urgency of reducing the consumption in this sector and has proposed to submit one methyl bromide investment project in 2001 through the World Bank once the Government is able to evaluate the results of the demonstration project.”

(c) **Jordan**

- (i) “The Executive Committee already approved a halon bank project for Jordan at the end of 1999. This halon bank project includes measures to control future use of halons. Additional investment activities to phase out the use of halons in the production of portable fire extinguishers are included in the Bank 2000 Business Plan. Implementation of these activities will enable Jordan to meet the halon freeze in 2002.”

(d) **Tunisia**

- (i) “The Bank has informed the ozone unit of the urgency to reduce the country’s dependency on halons. It was identified that a halon management project is required to assist the country to curb the demand of this chemical.”

(e) **Turkey**

- (i) “The Government of Turkey recognizes the urgency of reducing the consumption of halon. The preparation of halon bank/management strategy is underway. The proposal for establishment of halon bank/management will be submitted for the consideration of the Executive Committee in 2001.”

Annex I

**Comments from Executive Committee Members
and Summary of the IAG Meeting**

Australia

Bahamas

China

Germany

India

Japan

Sweden

USA

IAG Meeting Summary

Comments by Australia

Intervention on Strategic Planning Paper (ExCom 30/35) by Secretariat

My delegation wishes to thank the Secretariat for preparing document 30/35 and all of the valuable information contained therein. We recognize that this document, at least the strategic planning reference, was prepared in response to Decision 29/13 which indicated that the Secretariat was to be the platform for the discussion on the strategic plan for the MLF.

This document speaks mostly to the Draft three year Business Plan for the MLF and falls far short of being a suitable platform for launching our strategic planning process. When I introduced this concept at ExCom 29, I had in mind a plan that went far beyond the current tri-ennium .. in fact a plan that would cover the next decade as a minimum.

Strategic plans should provide a directional guidance beacon as to where and how we wish to proceed. This when completed has to be based on exactly where we are now vis-à-vis the phaseout (our global needs analysis) and a shared vision as to where we want to be vis-à-vis or phaseout by the end of the planning period. It should allow the ExCom to focus its agenda at a more strategic level on how best to get to our desired milestones or end points, what should be our priorities, what procedural or policy shifts are required etc.

I'd like to offer three brief observations:

- 1) What needs to be undertaken as a pre-requisite to creating the strategic plan
- 2) What needs to be done to create the strategic plan; and,
- 3) How the strategic plan when completed should be linked to: setting priorities; deciding on future IA roles and responsibilities; shifting resource allocation to IA's and even to establishing NOU priorities and work plans.

Now for my first point "What needs to be undertaken as a pre-requisite to creating the strategic plan"

We are of the view that you need two essential ingredients before you can commence to create a strategic plan: firstly a good global data base (here I think we need to use data from all sources –Countries, NOUs, Sector Groups, TEAP etc and rationalize these to get our best estimate on the current status of the world vis-à-vis phase out –we need the clearest and most definitive description of what ODS production remains to be terminated remains to be phase out; and, and a shared sense by the ExCom of our vision. For example ... do we see the MLF addressing the entire ODS production sector phase out or just the CFC component and by when? ..what happens to the remaining portion ..does it spill over to the GEF ..if so, ... when? We need to begin with a laundry list of key questions we need to ask ourselves to help us focus our long term vision.

For my second point "What needs to be done to create the strategic plan"

Once the data has been compiled to the degree possible and the ExCom is satisfied that it is the best possible description of our current state of affairs the ExCom could convene a special advisory group to compile the laundry list of key question, set out some optional answers for consideration by the ExCom and if possible prepare a draft strategic plan. This could be done separate from or under the umbrella of the MEF.

For my third point “How the strategic plan when completed should be linked to: setting priorities; deciding on future IA roles and responsibilities; shifting resource allocation to IA’s and even to establishing NOU priorities and work plans.”

On my first sub point of this last point regarding how the strategic plan could or should be linked to the work of the ExCom, I believe priority setting should flow from the strategic plan ie priorities should be set based on a consideration of to what degree various actions will affect your ability to achieve your objectives should be the basis for setting priorities. My sense is that we have at least four major priority considerations that need to be ranked: production sector phaseout (this is analogous to giving priority to stopping the disease before moving on to treating the symptoms and effects of the disease); ensuring A5 compliance as we move into the compliance period (here the credibility and efficacy of the entire process could be challenged if we fail even temporarily); maintaining momentum (here we must recognize that NOUs and some governments have invested in infrastructure and a certain level of continuous investment must be made in order not to loose this critical mass; and lastlty we need to decide on the relative priority that ought to be given to facilitate an accelerated phase out in those countries that are willing to do so.

The strategic plan must be a dynamic rather than a static document. It will need to be revisited and updated from time to time. It should provide the basis for the ExCom to focus more of its deliberations on Executive-level discussions and such discussions should include :

- Matching IA’s geographical and sectoral areas of operations with delivery of the whole plan;
- Conducting a “Gap Analysis” (identifying areas where no one or wants to work) with a view to identifying new or additional remedial measures
- Shifting or adjusting the responsibility assignments of various IAs
- Adjusting resource allocations to IAs in accordance with responsibility shifts

The strategic plan should enable and facilitate IAs to undertake longer term planning vis-à-vis their MLF delivery programs. We owe these Agencies some sense of predictability on year to year resource flows so they too can appropriately manage their human resources

In Conclusion, document 30/35 needs to be revisited in the broader context I have described. I see no great rush to get this job done but on the other hand in should not be simply left until the end of the triennium either. We need to allow enough, and whatever, time is needed to get the job done right.

Again, I would suggest we convene an Ad Hoc Working group and commence this work at the next ExCom. The first work of such a Group might be to set out their own work program to accomplish this task. If the schedule in Geneva is jammed then perhaps this Group could meet for a day or so in advance of the MEF and PRC meetings. Maybe its reasonable to set ourselves a target of having a draft strategic plan prepared in time for the next MOP.

Thank you Mr. Chairman

Comments from the Bahamas
Multilateral Fund Strategic Planning Report

Presented here are notes from The Bahamas on the Strategic Planning Report produced by The Multilateral Fund Secretariat for the Executive Committee at its 30th session.

- (1) The focus of the Executive Committee should have as its dominant goal the provision of assistance to Article 5 Parties to enable them to meet their commitments under the Montreal Protocol. This does not exclude providing assistance to countries who wish to follow an accelerated path, but the extent to which that accelerated assistance should be provided must depend on whether the primary objective is being met.
- (2) The strategic plan should focus effort on looking at sectors in Parties. To design more plans that address a total phase out of a sector or of all ODS in that country. This would allow for more predictable and efficient use of funds.
- (3) The use of the Implementing agencies needs to be reviewed. The system of competing for projects on a random basis is sometimes counter productive and does not make best use of the expertise and resources available. An assessment should be made of the areas of excellence of the agencies and an attempt should be made to target them to sectors or countries where those areas of expertise would be used. Careful review of the coordination between agencies working in the same country needs to be conducted to see if this is the best way to proceed.
- (4) The process of ODS phase out needs to be more country driven. Over the past ten years a lot of effort and funding has gone into the creation of National Ozone Units. It is time to look at how this network of offices can be utilized to maximize and coordinate the capacity building in Article 5 Parties to enable them to be more efficient in their phase out programs. The strengthening of these NOU's and the place they occupy in the Ozone management system should be reassessed.
- (5) Technology has advanced rapidly in the areas of replacement chemicals for those with high ozone depleting potential. The Executive Committee needs to look at its policies on the types of technologies industry convert to. While not penalizing the companies who have made conversions in the past, future work should be targeted to ozone friendly technology and not transition ones.
- (6) The Executive Committee may need to look again at its policy in relation to public education and public awareness. This may be a valuable tool when dealing with the informal sector and SME's.

Dr. Donald Cooper
Bahamas, 4th May 2000

Comments from China on Agenda Item 8:
Strategic planning and the draft three-year business plan for the
Multilateral Fund for 2000-2002

We would firstly thank the Secretariat for the preparation of this strategic document. We also agree as the document stated: **“The year 2000 is the prime time for undertaking strategic planning of the Multilateral Fund’s activities, because this year marks a turning point in the history of the Multilateral Fund”**. From this year on, we have left the grace period behind us and have entered into the period of compliance. Therefore, it is very important and necessary to develop a strategic plan for the multilateral fund.

At this stage, we would like to offer the following initial comments:

- 1) Since the period of compliance is coming, we feel we do not only need a three-year plan for 2000-2002, but also a long-term program for 2000-2010. So, we suggest this document should consist of two parts: three-year plan for 2000-2002, and the long-term program for 2000-2010 . By doing so, all the parties would have a clear picture on what will be done during the period of compliance.
- 2) We also feel that the clear programme objectives of the Multilateral Fund should be indicated in such a document. We suggest the objectives should be categorized by the following: objectives by countries; objectives by chemicals; objectives by sectors and the objectives on policy issues.
- 3) We suggest the document should also contain the action plan. And the action plan must be a dynamic rather than a static one. It should be periodically updated with changes of real situation.
- 4) We consider the reliable database is a very supportive item to support the whole document. However, referring to Para 45 (a) of this document, as the follow-up, it requires the Article 5 countries to complete the form in Annex II. In the format, it asks the Article 5 countries to **“provide the relevant information about industries which have not been funded.”** For the Article 5 countries which are larger producers and consumers of ODS or which have a lot of SMEs consuming ODS, it is unrealistic for them to provide such a list as it contains a huge amount of work and time to identify all the enterprises which have not been funded within the country and provide **reliable data**. And there would be thousands, even ten of thousands of enterprises on the list. Therefore, we suggest that this should not be required.
- 5) We suggest that the approach that make the Article 5 countries as the main driving force during the compliance period should be emphasized in the document. The reason is already indicated in the document: **“it is the Article 5 countries’ governments who should know the status and needs for compliance and who are after all responsible for complying with the Montreal Protocol requirements.”**

**Comments from Germany on Agenda Item 8:
Strategic planning and the draft three-year business plan
for the Multilateral Fund for 2000-2002**

(Document ExCom/30/35)

We would like to thank the Secretariat for the preparation of this well written strategic document. We believe it is a useful starting point for the discussion of this important issue – even if it does, to some extent, fall short of some of our expectations. On the other hand it provides an insight into certain challenges the ExCom is confronted with right now, after we have left the grace period behind us and have entered into the period of compliance.

In our view the purpose of our discussion should be to develop a broader vision and encourage new ideas which could help us to reach our goal of phasing out remaining ODS during the next few years, and to do this in the most cost-effective and efficient manner possible.

Today, when we only begin our deliberations of this issue, let me make some initial remarks:

1. In our view the **analysis** of the current situation and the **weaknesses of the strategy pursued by the MF to date**, as put forward in the document, **is basically sound**. Indeed, the Strategy of the MF up to now did focus on **individual, cost effective projects so as to maximise quantity** of ODS phase-out. And despite the undoubtable achievements resulting from this, it is also obvious that this approach resulted in an **uneven distribution across countries and industries, basically in favour of large ODS consumers**. **We need to correct this**.

2. **We agree that little attention was paid to individual country situations** with respect to achieving the **binding phase-out targets**, that is to say **compliance** with the provisions of the Protocol. This needs to be changed as well.

3. **Co-ordination** between agencies and projects on the one hand and A 5 Countries on the other hand **was often lacking** as a result of the prevailing “first comes, first served” and project by project approach and the inbuilt mechanisms. As we know it was only during the last couple of years that alternatives to this approach were considered and a more holistic approach, sector strategies and additional guidelines were eventually developed or their development begun.

Mr. Chairman, in the light of these experiences we **share the conclusion** in para 28 of the document, that **the past strategy was effective in achieving the objectives of the grace period, but may not be appropriate for the compliance period that has now started**.

This analysis necessarily leads to the question: **What needs to be done to better respond to the challenges ahead of us?** I would like to propose a couple of **basic strategic changes** we consider necessary in this respect.

- 1) The **objectives** of the Fund need to be adapted to more clearly **reflect the need to enable A 5 Countries to comply with the MP schedules** before us. We should indeed follow an approach that is more **country specific and compliance-driven**, as proposed in para. 30 of the doc.
- 2) To reach this goal, a **systematic appraisal is needed** to find out where we stand right now. We need to **quantify and qualify what still needs to be done** in a global context to rid the planet of ODS. We need to better understand **what remains to be phased out in each country, in each sector and who the target groups are**. On the basis of such an assessment we would need to clearly identify our **priorities** during the next couple of years. This would mean that **some activities come first**, and others have **less priority**.
- 3) In order to bring about these changes, we need a **new distribution of responsibilities** between the key players of our game: We believe we need to see **A 5 Countries themselves in the driver's seat and limit**, to some extent, **the role of the Implementing Agencies in this respect**. A 5 Countries themselves should become the **driving forces** and should **assume full control of their national ODS phase out**.
- 4) In order to do so, we believe, that, as a first step, each **A 5 Country should identify its needs to enable it to reach compliance with the reduction targets in the current triennium**. We think it would be a good idea if each country would prepare a sort of an **annual Work Programme**, translating its needs into **annual phase-out targets and actions**. We therefore endorse the proposal in the doc. before us, to circulate a questionnaire to all A 5 countries in order to start this process.
- 5) In the paper before us, the Secretariat proposes to **strengthen the responsibilities and capabilities of NOUs** in order to have them playing an more active role – a role which some of them of course do play already. We would like to **fully endorse this proposal**, also in the light of the deliberations which took place in the MEF Sub-Committee on the issue of “Institutional strengthening”.
- 6) As soon as we come to a common understanding about the **need for and the direction of change**, the question arises: **How do we operationalise this?** Under Section VI of the document before us, there are some proposals made for a way to proceed. We have some initial comments on these proposals as soon as we start discussing them in more detail.

With respect to the proposals in Section VI on a way to proceed, we would like to offer the following initial comments:

- The time frame proposed to obtain this information from A 5 Countries seems too short – A5 Countries are possibly unlikely to be able to provide anything accurate and sufficiently useful in time for IAs to consolidate for 31st ExCom. To expect this information by the 32nd ExCom may be more realistic;
- In the meantime we need to identify and target first those A5s unable to comply with CFC freeze and also with 2002 freeze on halons and MB if possible;
- To facilitate the process, we should request IAs involved with institutional strengthening to contact the relevant NOUs urgently to assess what needs to be done to improve their capabilities to cope with these challenges;
- We should request the IAs and the Secretariat to report the results to 31st ExCom with recommendations to enable all stakeholders to take account of this and include suitable projects in IAs business plans for 2001;
- The survey proposed in para 45 should be completed by 33rd or 34th ExCom at the latest and should be accompanied by a report from IAs/Secretariat proposing a strategy to address commitments in order of priority according to the phase-out schedule between the years 2002 and 2005.

In case the ExCom may wish to establish a Subgroup to deal with these issues in more detail, this constituency is prepared to offer its participation.

Comments from India
Strategic Planning and the Draft Three Year Business Plan
For the Multilateral Fund for 2000-2002

The Executive Committee in its 29th Meeting had decided (29/13) to have a global need analysis and had requested the Secretariat to prepare a draft 3-year BP which will be used as a discussion paper. The document 30/35 has been prepared by the Secretariat in response to Decision 29/13.

The Multilateral Fund has analyzed the objectives of the Protocol, financial mechanism and ODS phaseout activities in Article 5 Countries and non Article 5 Countries and has developed strategies of the triennium (ie 2000-2002).

- i) Triennium Programme objectives have been set out in accordance with the Protocol control measures.
- ii) In order to achieve these objectives the Multilateral Fund has adopted an approach that is country specific and compliance driven to ensure sustainable and cost effective phaseout.
- iii) It is expected in the strategy that each country should identify its need. A format has been developed. Once this format is filled by each country, the MLF could prepare the Business Plan starting with the year 2001. Priority of each country will also be identified. Accordingly, implementing Agencies will be advised to prepare the Business Plans.
- iv) Comments given under ODS phase out status in Article 5 Countries may also be referred to.

The primary objective of the Document is to strategize a new system of implementation over the next 10 years. The document suggests that the programme should be “country driven” and not “implementing agency driven” and that the country would need to assume ownership of the programme. The BP, in future, would be centered around the countries priorities and needs as assessed by the country. This suggestion is well accepted and is welcome but a Decision on this issue would need to be taken after adequate deliberation.

A discussion on this issue had been initiated in the 9th IAG meeting in Paris in January 2000. It would be worthwhile if a summary of those deliberations could be distributed during the discussion on Document 30/35. There are a few more concerns that would need to be discussed during deliberations on this Document. These concerns are:

- a) Capacity of NOUs to perform these additional responsibilities would need to be considered. How much additional work will this new approach

require from Ozone Officers and their governments? Would it mean another reporting regime?

- b) Steps proposed in the Secretariat paper may take longer time than July 2000 (31st meeting of the Executive Committee). Further, there are concerns regarding the credibility of the data that would be generated because in this new approach, data would form the basis of all activities. Who will fund such surveys?
- c) The new approach would need to establish linkages with ongoing activities that have developed over the last 10 years. The linkages with data reporting, ISP, CP and their updates, RMPs etc would need to be spelt out clearly.
- d) Need to build capacity of NOUs for them to layout their country's priorities and needs.
- e) Secretariat has developed a draft format for need identification. The format seems to be too simplistic and may not serve the purpose and would need to be redrafted. Further in order to provide accurate figures under sectoral distribution, a survey has to be conducted. Otherwise the estimated data may not indicate the exact position. The format is not exhaustive. Growth rate should be taken into account. Non eligible new establishment erected after 25 July 1995 should be taken into consideration in the present format. In the Aerosol sector, many enterprises have already switched over to HAP technology without taking any financial assistance. Such cases, would need to be accounted for in the present format. New establishment with non-ODS technology may have an impact on phaseout process because of market driven forces.

These above suggestions may be considered to be included in the format so that the needs of the country could be identified in an effective manner.

Comments from Japan

Comments from Japan on Strategic Planning and the Draft three-years Business Plan for the Multilateral Fund for 2000-2002 (Agenda Item 3 of the Thirtieth Meeting of the Executive Committee of the Multilateral Fund for the implementation of the Montreal Protocol, Montreal, 29-31 March 2000)

The following are the comments of the Japanese Government on the Strategic Planning and the Draft three-year Business Plan for the Multilateral Fund for 2000-2002. They confirm and supplement the interventions made by the Representative of Japan on this subject during the Thirtieth Meeting of the Executive Committee, held at Montreal from 29 to 31 March 2000.

I. Operational Need for Strategic Planning

1. While recognizing that in response to Executive Committee's Decision 29/13, the Secretariat's note (UNEP/OzL.Pro/ExCom/30/35) provided a first platform for discussion on the strategic plan, we consider that the plan should not remain a mere framework of actions, but contain a set of priority areas where concrete actions should be taken.

2. In the view of the Japanese Government, the Strategic Planning is an instrument governing the Fund's program to ensure the compliance of Article 5 countries with the Montreal Protocol. With the implementation of the CFC freeze on the production and consumption from 1999, the Fund's program should increasingly be oriented toward the financing of the agreed phase-out activities of ODS in Article 5 countries consistent with their commitments defined by year and ODS reduction quotas under the Protocol.

3. The strategic plan should indicate the total quantity of ODS in use, quantities of ODS planned to be phase out by year, by substance and by sector in these countries, to be broken down into country categories according to their average CFC consumption level for the years 1995, 1996 and 1997. As mentioned in the Secretariat's note (see para.23), a due note should be taken that through the activities to be implemented between 2000 and 2010, the Fund will assist each and every Article 5 country to comply with the control schedules of the ODS of the Montreal Protocol, bearing in mind that meeting these schedules rests upon the responsibilities of Article 5 countries.

4. It should also provide for optimum allocation and efficient use of resources according to agreed priorities during the triennium of the years 2000-2002. Nevertheless the plan should cover not only the current replenishment period but also the period beyond so that it shows a holistic perspective toward the complete phase out of ODS in Article 5 countries. Such a plan should be up-dated every three years on a rolling basis taking into account the progress made during the triennium.

II. Achievement of the Program Objectives

5. We are pleased to note that the Secretariat was able to report on the total actual cumulative phase-out of consumption in its report. It would be fair to say that the achievement rate of the ODS consumption phase-out was about 70% of the approved phase-out plans and that the amount actually phase-out, or the phase-out capacity of the Fund, so to speak, accounts for 44% of the total compliance base line consumption of CFCs-Halons—202,004 ODP tons. Subject to complete data verification and refinement in the methodology, such an analysis is extremely useful to assess the actual performance and efficiency of the Fund's program in relation to the total phase-out objectives.

6. It is also useful to continue to examine the impact of the Fund's program on ODS consumption growth in the Article 5 countries both in the grace period and the period beyond. We believe that CFC/Halon consumption avoided as reported should not be attributed only to the achievement of the Fund's program but also to the policies and actions of the Parties to the Protocol, e.g. their industrial and environmental policies and trade restrictions. We are concerned that the unconstrained growth might have actually continued in the grace period and may continue in the compliance period unless the Article 5 countries take enhanced cognizance of the importance of the implementation of the Montreal Protocol in the context of their national sustainable development planning.

7. We are particularly interested in discussing with other members of the Executive Committee on the accuracy and validity of ODS data reported in the country programs and actual data reported to the Ozone Secretariat.

II. Program Objectives of the Fund in the Compliance Period

8. As the Secretariat points out in para.19 of its note (UNEP/OzL.Pro/ExCom/30/35), we shall focus on those countries which run the risk of failing to meet their freeze and reduction obligations. However, it will be necessary to clarify the meaning of "uneven distribution" of the implementation of national phase-out programs across countries. We agree that every Article 5 shall meet evenly its obligations under the protocol. But we rather question the argument that the implementation of the phase out is uneven in that the distribution of ODS phase-out projects approvals and implementation have been uneven. In the latter cases, we wonder whether the volume of ODS to be phased out by approved projects far exceeds the reduction quotas. It should not be the case.

9. An analysis should be made on the extent to which the phase-out quotas are met by the amount of ODS to be phased out under the approved projects rather than comparing ODS approvals/implementation across countries.

10. The real issue would be the lack of interest or inability in preparing phase-out projects due to the weak national institutions in these countries. In this context, it could not be over-emphasized that the strengthening the National Ozone Units in these countries should be accorded a higher priority in the programs of the Fund. Since the responsibilities for phasing out ODSs rest with Article 5 countries, we consider it

essential, as stated in para.26 of the Secretariat note, that Article 5 countries should assume full control of the national ODS phase out programs and become the main deriving force for business planning of the Implementing Agencies and the Fund. The role of the Fund is to assist these countries in this process.

11. In order to assist the developing countries in the planning and implementation of ODS phase-out projects in an effective manner, the Fund's Secretariat and the Implementing Agencies should compile systematically those information and knowledge including know how and expertise which they have accumulated in implementing sector plans and projects, thus building up, based upon a mechanism to enable the developing countries to share such information and knowledge each other.

12. In order to ensure sustained implementation of the control measures by Article 5 countries, the Fund should promote the conclusion of long-term agreements on sector plans for the complete phase-out of ODS with Article 5 countries rather than the promotion of individual investment projects. To this end, the implementing agencies should focus more on umbrella plans and sector plans and strengthen coordination among them at the country level.

III. Evaluation, Monitoring and Financial Management

13. The Japanese Government is keenly interested in the efficient management of resources of the Fund. The Executive Committee should encourage the improvement in the administrative and budgetary management of the Fund and the work of the Agencies as well as the implementation of the projects by the recipient countries. The monitoring and evaluation of implementation of the projects should be made on a more realistic basis synthesizing the disaggregated assessments of individual plans and projects against the original plans of activities. The current methodology to calculate the rate of implementation comparing the aggregate amount of resources spent and the total approved amount does not accurately reflect the reality. Furthermore, the existence of sizeable undisbursed funds at the Agencies representing 60% of the total allocations requires the urgent action to accelerate the implementation of the projects.

14. The Executive Committee should ensure the expeditious review and cancellation of excessively delayed projects and the smooth return of the unspent balances of the completed or cancelled projects in accordance with the financial regulations and rules governing the Fund and the Agencies. Financial audit reports and evaluation reports should be fully considered by the Executive Committee. An appropriate action to establish indicators by which to demonstrate value for money of the activities of the Fund will enhance the willingness of the contributing countries to provide the Fund with resources on a more stable and predictable bases.

**Swedish statement under agenda item 8, Strategic Planning and
the Draft Three Year Business Plan**

The document before us is an urgent invitation to creatively and jointly between Article 5 and Article 2 countries look for new avenues to tackle large, and largely unknown and still unidentified, strata of ODS and particularly CFC. Much of this is obviously in SME consumption.

The Swedish delegation had the opportunity in the SCMEF to lament the fact that in this situation of urgency to launch a new and appropriate strategy, we still know so little about the situation on the ground in terms of the baseline and present consumption. We must have a much better picture in order to move ahead on a discussion that can only have its start today. It was most worrying that at present we only have identification of the situation in some 14 Article 5 countries.

Basically, only full Article 5 ownership can help launch a new strategy that is partly outlined in the Secretariat document 35 for which we are grateful in giving us a starting point that can appropriately provoke thinking. But the alarm clock is certainly ringing. The document points to a number of countries unsure about their ability to meet obligations as things now stand.

This brings me to a proposal that so to say merges the work emanating from the efforts relating Annex II of document 19, debated in the SCMEF about assessing the composition of the baseline and present consumption, and the efforts suggested by the Secretariat for Article 5 country level, namely Annex II of document 35.

We see two immediate objectives for the strategic planning:

1. Identify total needed resource allocation for 2001 and 2002, at the global level, divided into sector/use.
2. Enable NOUs to identify the situation at their national level and start thinking very actively about the most urgently needed action to meet deadlines ahead.

Let me start with 1.

From 19 annex II, which will be finalized for ExCom 31, will follow the global figures for different sectors and uses, with regard to each type of ODS. This will give us a good starting point to identify how to allocate globally our resources for 2001 and 2002. Firstly, how much production is to be phased out? Secondly, how much CFC in terms of aerosols, foams, divided into refrigerating and servicing. Thirdly how much MBr where we know we stand 100 per cent above the freeze. And so on ...

So this first item I is about securing a proper budget allocation between different sectors at the global level.

Now let me go to 2.

Each NOU has to find out, by itself, assisted by Implementing Agencies, on what is most urgently needed to be done at the country level. This is where a revised version of Annex II of document 35 comes in.

However, that Annex needs revision, and I will come back with some proposals on that, in order to stimulate comments from other delegations, and particularly those from Article 5 countries.

But: some A 5 C and their NOUs who are in advanced stages of analysis, need not wait for the new revised form for need identification. They may please be encouraged to do some homework for ExCom 31. Let me illustrate how such a first try might be structured: (and I refer to the top of the first page of Annex II). It will contain:

- the status in the country as requested by the Excom (baseline and latest consumption sector by sector for each type of ODS)
- An analysis of the situation as the basis for the strategic planning in the country as well as for the planning of the EXCOM. This analysis should include following:
 - a calculation of the maximum consumption allowed for each type of ODS by specified dates according to the Montreal Protocol (for instance for CFC both the 50% reduction 2005 and the 85% reduction 2007).
 - balance to be reduced from baseline to meet these targets (taking into account impact of already approved projects)
 - problems to tackle
 - most urgent actions to meet these commitments
 - type of assistance needed

This finally brings me to some comments to the second page of Annex II. This page will require some more thorough considerations. For instance, we do not see the described requested information as an action plan and we do not see the justification for naming individual enterprises.

Summary of United States Intervention on Strategic Planing
Under the Multilateral Fund
Read at the 30th Meeting of the Executive Committee

The United States would like to thank the Secretariat for an outstanding job in preparing this thought provoking document on strategic planing. We view this process as a very important one, and believe that they have laid out issues that have helped focus our discussions.

This document has allowed us to consider both the benefits and problems associated with our current mode of operation, and it has stimulated considerations of how we would like the Fund to operate as we enter this, the compliance stage for Article 5 countries. In that regard, we would like to share with you our vision for the future of the Fund.

Over the coming years, we would like to see the Fund move away from a project by project approach towards one that implements countries= strategic plans for fulfilling their obligations under the Protocol. In that regard, we believe that the process used should be more country driven, with the implementing agencies being directed by the countries to meet clearly articulated nationally developed goals developed in the context of a participatory process. We would encourage country programme updates initiated after Excom agreement on key content to help facilitate this process.

Towards a more strategic end, we would like to see a future for the Fund in which individual projects are more the exception, and sectoral strategies and terminal phase out plans become much more common. Like some of the sectoral plans we have approved to date, these broader plans would include national commitments for phase out, as well as national commitments to implement policy measures that will be used to achieve and sustain the agreed requirements. In this context, and with the understanding that performance will be closely monitored, we believe funding could be provided in a more flexible manner that allows governments significant latitude in determining how to allocate the agreed level of resources to enable full compliance.

However, we must be conscious of the fact that any Fund, regardless of its intent, will always have limited resources. Because of that, in allocating funding, we must keep our eyes fixed on the primary responsibility of the Fund as included in Article 10 of the Montreal Protocol - to enable compliance with control provisions assumed by all Article 5 countries. To fulfill this requirement, and at the same time meet the vision expressed above, we believe that we must have a planing process that is based on accurate data, and a clear understanding of the needs of all A5 countries. Accordingly, we agree with the Secretariat=s recommendation that additional data should be requested from Article 5 countries to enable the development of a global needs analysis. On this basis, we should be able to understand, at least two years in advance, which countries are in danger of not meeting an upcoming control provision of the Protocol. Further, after accounting for resources needed to ensure compliance for all countries, we should have a clearer understanding of resources that may be available to enable countries to proceed much faster than the requirements of the Montreal Protocol.

In short, we agree with the Secretariat's conclusion that the time has come to alter our Fund strategy to address the fact that we have now entered into a new compliance stage for developing countries. We also agree with the intervention of Germany, Canada, and Sweden, that this process must be well considered, and based on accurate data. We look forward to working in a contact group to more fully address our critical planning issues.



Information Paper presented to the 30th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Summary of the 9th Informal Advisory Group

Background

UNEP's 9th Informal Advisory Group (IAG) took place in Paris from 19 – 21 January 2000 against the background of the debate during the 29th Executive Committee about the need for more strategic business planning in future. Decision 29/13 provided for the Executive Committee at its 30th meeting “to hold :an in-depth debate...focussing on the issues of the sectoral aspects of ODS phase out, the status of all Article 5 countries in terms of meeting their commitments under the Montreal Protocol, an analysis of the global needs for the attainment of ODS phase out targets and a strategic plan for ensuring global coverage by the Multilateral Fund.” Following that decision and in response to the wishes of IAG participants, UNEP planned the IAG specifically to initiate a dialogue that would contribute to the forthcoming debate in the Executive Committee.

During the three days of the IAG, invited members of the “Montreal Protocol community” met to discuss current and future challenges of the Montreal Protocol under the general theme “Completing the Phase out 2000 – 2010”. The group reflected on what has been achieved to date by the Multilateral Fund but put the emphasis on trying to identify what still needs to be done – by ozone officers, by national governments, by implementing agencies, by the Secretariats, by the Executive Committee and by the Parties to the Montreal Protocol - to encourage and enable compliance by all Article 5 Parties. In moving “from the grace to the compliance period”, there was general agreement that the ‘business as usual’ scenario might be inadequate and that some innovative new thinking was necessary.

UNEP's hope in convening the meeting was to provide a forum to continue the reflective mood of the 29th ExCom and to encourage innovative ideas, promote co-operation between all Parties and identify priorities for the next decade – “from here to phase out”. Despite some extremely productive and useful discussion, the group was reluctant to agree conclusions or recommendations, preferring to leave that to the Executive Committee. Nevertheless, for UNEP a number of key ideas and points emerged which we believe will be useful to the Executive Committee in its discussion of business planning for the next triennium in the wider context of the need for compliance 2000 – 2010. UNEP therefore submits this summary paper as an information document to the 30th Executive Committee

Themes and summary of discussions

IAG members proposed the themes for discussion and agreed that the IAG was an opportune place and time to begin consideration of the broad questions of strategic planning raised at the 29th ExCom. UNEP provided a series of background papers elaborating these agreed themes.

1. Progress to date and future requirements to achieve Protocol goals.

- ◆ The Fund has proved to be a unique and extremely successful example of international co-operation. With disbursements to date in excess of \$1billion for over 100 countries, it has become the leading player in promoting ozone layer protection.

- ◆ With reducing political interest in the Montreal Protocol and more difficult projects ahead, ExCom must undertake a ‘global analysis’ to assess what still needs to be done and how best to get it done. Big problem is the poor availability and inaccuracy of data for planning.
- ◆ The ExCom should simplify its procedures and focus on strategic policy issues, avoiding micromanagement of projects. National ownership of phase out and national strategic planning by A5 countries should be encouraged. Planning needs to start now as results take a few years to appear. The first priority is accurate and complete data.
- ◆ A majority of approvals to date have been for refrigeration and foams projects so now the focus needs to be on solvents (CTC, MCA and CFC 113) and methyl bromide. CFC and halon projects to date have been the ‘easy targets’. Solvents, methyl bromide, servicing sector, SMEs, LVCs and the informal sector will be more challenging.
- ◆ The ExCom should move beyond the current project-specific approach to implement a strategic planning framework to achieve phase out.
- ◆ ExCom will need to focus on countries with specific compliance problems. Special incentives will be required to ensure that all countries can access the MLF. Cost-effectiveness will not remain the prime target or means of project selection, especially as the focus turns to SMEs.
- ◆ There is a possible conflict of objectives for the Fund between enabling compliance for all and assisting some countries to phase out faster than the Protocol requires, especially where resource are limited. ExCom needs to identify how to deal fairly and consistently with this.

UNEP’s Summary – There must be strategic planning by countries and by the ExCom, based on accurate data, to ensure that phase out is achieved. Though such planning is done to some extent in Country Programmes, it should be understood that many CPs were done quite early in the game and now need updating. The ExCom should allocate resources flexibly to national and sectoral priorities identified in strategic plans. Projects and activities should be evaluated in terms of their contribution to compliance. Everything possible must be done to promote ownership of the phase out process by national governments.

2. Meeting the needs of Low Volume Consuming Countries (LVCs)

- ◆ Some LVCs may not meet the freeze. Most remaining consumption in LVCs is in refrigeration servicing sector where it takes time to reduce consumption.
- ◆ Data is often unreliable and difficult to verify. Low levels of public awareness prevent much progress. Many ozone officers do not know what to do to achieve phase out and anyway do not have much influence on national policies.
- ◆ Phase out requires political will, public awareness, effective legislation, involved stakeholders and shared commitment through a national plan. Funding needs for LVCs are usually modest. UNEP should concentrate on getting real commitment from countries.
- ◆ LVCs should review country programmes and RMPs to assess progress and to see what else is required. ExCom should review guidelines to ensure it can fund what is needed. Countries could propose a single, final payment from MLF in return for government commitment to implement and achieve a final phase out plan.

UNEP’s Summary – LVCs form a large and diverse group but phase out need not be complicated or delayed if governments and ozone officers are enabled/encouraged to go ahead with their updated national plans and strategies. Urgent reviews of data are required, together with high level political awareness raising and national commitments. ExCom

should consider what incentives it could provide to encourage LVCs to proceed in these directions.

3. *Securing Phase out in the Refrigeration Servicing sector.*

- ◆ Significant reductions in consumption (40% - 90%) can be achieved quickly and economically by reducing leakage rates through technician training and certification and promoting their involvement in phase out activities through refrigeration associations.
- ◆ Barriers to phase out in this sector include low levels of awareness, little capital, no organisation, wide geographical distribution, cheap and easily available CFCs, mistrust of government and continued imports of CFC using equipment (usually second-hand fridges and cars)
- ◆ Recovery and recycling schemes with national/regional CFC banking can reduce consumption if they are economically sustainable and technicians have incentive to recover.
- ◆ Priority should be to control imports of equipment and virgin CFCs to service it. Exporting countries have a role to assist. Priority assistance should be to draft, adopt and enforce regulations and raise awareness.
- ◆ Priority need is also to survey the sector in each country and to draft national plans with the involvement and buy-in of stakeholders, including clear, time limited targets to reduce consumption and the means to achieve necessary reductions.
- ◆ There is an urgent need for a clear ExCom policy on how to tackle consumption in the servicing sector.

UNEP's summary – There is a need to look again at the RMPs in the context of the needs expressed in national strategies. RMPs include many of the activities required to reduce consumption in this sector but perhaps do not assist NOUs sufficiently to identify technicians, raise awareness, and secure the commitment of the industry to phase out. Limiting imports of CFCs and CFC-using equipment is a top priority requiring political commitment, effective legislation and good enforcement. Exporting countries play an important role, positive or negative. ExCom should prioritise this sector as an effective means to promote compliance in many countries.

4. *Planning for National Phase out, including in SMEs*

- ◆ Ozone officers need to have good sectoral and sub-sectoral consumption data and knowledge of alternatives if they are to be convincing to industry. They must be proactive and manage the country programme activities to achieve final phase out. Agencies and Ex Com must support them in this effort, where necessary by changing guidelines to match their changing needs.
- ◆ Very little can be achieved without a good import control/licensing systems and the involvement of all stakeholders, including all relevant ministries, in the phase out effort.
- ◆ Raising public awareness is important but activities need to have objectives, be targeted and have their effectiveness measured. Possible role for regional or global “goodwill ambassadors” to secure commitment of public, industry and politicians. UNEP should do a quick survey of what public awareness activities are needed and what has been effective.
- ◆ ExCom needs to review Institutional Strengthening (IS) funding in view of the new and additional activities being requested of NOUs. Activities are limited by resource limits, including staff.

- ◆ Problem with definition of SMEs which are often confused with informal sector. Real problem is small size of companies, limited capital, risk aversion and isolation from national policies and organisations. Many governments already have policies to assist SMEs. UNEP/UNDP should do study to assess what incentives would be effective in assisting them to phase out.

UNEP's summary – The priority is to assist NOUs to research, draft, have approved and adopted and then implement national phase out strategies. This requires better data, better information on current consumption and alternatives, better communication with stakeholders, greater political commitment from the countries and support for the NOUs throughout the process. It also requires ExCom to provide good incentives, including for SMEs and actively to outreach the necessary financial and technical support through the implementing agencies.

5. Overcoming the barriers to meeting the methyl bromide freeze

- ◆ Some countries, including China, are now increasing consumption and some countries with positive consumption have reported zero consumption. Generally low levels of awareness about MBr, the 2002 freeze and the availability of alternatives.
- ◆ As of February 2000, only 104 countries (out of 172 Parties) have ratified the Copenhagen amendment and some large consumers and producers of MBr have not yet ratified. Without more countries ratifying, it might be difficult to sustain commitment of the donor countries to funding MBr projects.
- ◆ Delay in finalising ExCom guidelines, overall incremental savings, limitations on demonstration projects – all make it difficult for countries and agencies to formulate MBr projects.
- ◆ Illegal MBr trade is becoming a problem with increased use of small, disposable canisters which are hard to trace and control. MBr should be considered for inclusion under the PIC Convention.
- ◆ Urgent need now is to disseminate the results of the demonstration projects using NGOs with experience of working with farmers and FAO's farmer field schools. Stakeholders include farmers, companies producing commercial crops and the fumigation companies. Farmers do not accept 'top down' approach but training courses could be useful for producing and fumigation companies.
- ◆ India does not use any methyl bromide so it can transfer its alternative technologies to other countries (south-south technology transfer).
- ◆ Producers and fumigators are actively marketing MBr in some regions. Better awareness raising is vital in these areas to prevent increased consumption. UNEP should identify these 'areas of risk' and should work with producers and consumers to promote alternatives and green/eco labelling of produce grown without MBr.
- ◆ MBr should be integrated into country programmes and national phase out plans. It should not be necessary for countries to produce separate MBr phase out strategies.

UNEP's summary – The 2002 freeze is close and countries must take action now to comply with it. This will include ratifying Copenhagen, halting consumption increases, including MBr under import controls and working with all stakeholders to identify and adopt the alternatives which, in most cases, are already identified. Low levels of awareness are a major barrier. NGOs and farmers' organisations are well placed to raise awareness about MBr

phase out and to promote adoption of alternatives. Farming community is different to CFC using community and these differences should be reflected in the approach ExCom takes to MBr phase out. Results of demonstration projects should be strategically disseminated to assist the generation of effective phase out projects.

6. *Promoting integrated approaches to ozone layer protection and cross-cutting issues with other environmental conventions*

- ◆ Dialogue between MP and Kyoto has started in the TEAP/IPCC forum. Demonstration projects and training in good practices can help reduce emissions of all dangerous substances.
- ◆ MP has worked because industry, governments and NGOs have worked together. MP cannot include controls for climate change but information sharing should be promoted.
- ◆ While an ExCom decision on cross-cutting issues would be outside the committee's mandate, UNEP could usefully prepare an information paper, perhaps setting out a mechanism to facilitate dialogue and promote learning between MP and other conventions. UNEP's Division of Convention Secretariats promotes co-ordination between Conventions.
- ◆ Many small countries face a myriad of complex environmental issues and need assistance and encouragement to amalgamate information into a coherent response. Waste ODS may involve the Basel Convention and the PIC procedures could be relevant to reducing illegal ODS trade.
- ◆ While noting that technology choice is a national responsibility, the ExCom should have a policy on whether the technologies it funds are to be "sustainable" or not.
- ◆ Better co-ordination might also leverage additional funds (e.g. from GEF) to assist countries in implementing different commitments.

UNEP's summary – While respecting the mandates of different conventions, there is scope for UNEP to provide countries with more information on appropriate technologies and policies that meet the requirements of different conventions. Efforts to leverage additional funds by developing innovative projects which address more than one environmental problem should be encouraged. There are many positive lessons learned from the Montreal Protocol which could usefully be shared with other conventions without overstepping sensitive boundaries.

7. *Concluding discussion*

- ◆ It is now an appropriate time to consider final phase out – the "end game". We need a methodology to identify countries at risk of non-compliance and a mechanism to provide them quickly with the assistance they need. ExCom guidelines and policies need to be flexible enough to respond to national needs and priorities.
- ◆ The priority for ExCom should be to develop a long-term strategic plan for total global phase out and the necessary sources of funding and activities to achieve it. This will require a re-evaluation of current policies and procedures. Secretariat and agencies should be asked to prepare a discussion paper to start the debate.
- ◆ National strategic planning will need to be integrated properly with implementing agency and ExCom business plans. Agencies may need to specialise more on their strengths by focussing on particular regions and/or sectors. A mechanism is needed to clarify accountability and who is responsible for what in achieving total global phase out between now and 2010.

- ◆ Order of actions should be (i) get accurate and complete data (ii) use data to identify the problem areas (iii) countries and agencies develop projects/activities to address the problem areas (iv) approval, funding and implementation of the necessary activities (v) regular review and revision of planning in light of progress towards achieving objectives.

UNEP's summary – there was the makings of a general agreement on the need to move ahead in a more planned way, with project preparation, approval and implementation more closely linked to national priorities to achieve phase out. While existing country programmes provide a start, new national plans, based on updated and accurate consumption data, will be necessary as a basis for the ExCom to plan and prioritise its assistance to promote compliance. While all Parties are likely to recognise and accept this challenge, the question remains about the capacity of some NOUs to undertake the necessary data collection and national planning, especially within the limited resources currently available for NOUs under the I.S. projects. It is recommended that, if NOUs are requested to undertake significant additional activities, a realistic assessment of the time and staff required is made and the ExCom commit to providing the necessary additional resources. It is unlikely that these would need to be large sums.

OzonAction Programme
United Nations Environment Programme
Division of Technology, Industry and Economics,
39 - 43 quai André Citroën
75739 Paris Cedex 15
France