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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-fourth Meeting  
Montreal, 18-20 July 2001

**GUIDELINES FOR THE PREPARATION OF COUNTRY PROGRAMME UPDATES  
(Decision 33/55)**

Note from the Secretariat

1. In compliance with Decision 33/55 the Secretariat invited comments from the members of the Executive Committee on documents UNEP/OzL.Pro/ExCom/33/29 and Add.1. Responses were received from 8 members, and also 4 co-opted members.
2. A revised version of the draft Guidelines incorporating, as appropriate, the views expressed in these responses was prepared and sent to the members of the Executive Committee for a second round of comments.
3. Ten members and one co-opted member sent their comments on the revised draft. The Secretariat prepared the final draft based on these comments.
4. The following members of the Executive Committee sent comments to the Secretariat: Australia, Finland, Germany, India, Japan, Jordan, Malaysia, the Netherlands, Poland, and the United States of America. Co-opted members, that sent comments, were Brazil, China, France, Mauritius and Mexico.
5. The comments received in both rounds were duly filed in the Secretariat and could be made available to members of the Committee upon request.

## **Introduction**

1. This document contains the draft guidelines and format for country programme update, proposed by the Secretariat in consultation with the implementing agencies in response to Decision 31/32 which states:

- “(a) To request the Secretariat, in cooperation with the implementing agencies, to prepare for the Executive Committee at its 32<sup>nd</sup> meeting a document containing draft guidelines for the preparation of Country Programme Update, including conditions for the justification for such updates, as well as the specific consideration that needed to be taken into account to ensure that such updates serve not only the national needs, but also the information and planning needs of the Executive Committee;
- (b) To require that all future requests for Country Programme Update be in conformity with the guidelines to be agreed by the Executive Committee on the basis of the above-mentioned document.”

**(Decision 31/32)**

## **Background and justification**

### The experience with the country programmes

2. The country programme was originally intended as an overall strategy of each Article 5 signatory country to comply with the Montreal Protocol requirement. It included a mapping of the ODS consumption and production in the country; a strategy for reducing and eventually eliminating the consumption and production either according to, or faster than, the Montreal Protocol schedule; and action plan, including specific projects and policies to be undertaken by industry and government to implement the action plan; and an estimate of the associated incremental costs.

3. To varying degrees, these country programmes prepared by the implementing agencies contributed to the planning of the ODS phaseout by Article 5 countries. However these documents, especially those earlier ones, have left much to be desired. They were often prepared at a time when countries were just starting the Montreal Protocol process and did not have adequate capacity to assess the amount of ODSs and their users in the country or the measures appropriate to address them. This has invariably affected the effectiveness of these documents as strategic planning instruments.

4. The effect of not having an effective country phaseout strategy is sometimes shown in the lack of synchronized actions. For instance, in quite a few cases a CFC recovery and recycling project was funded at a time when the cost of CFC was very low, and there was no policy measures implemented (e.g. no requirement for recycling, no ban on venting, and no import control). As a result, in many cases the lack of required action, and the abundant inexpensive CFC removed the economic basis for the recovery and recycling project to succeed.

5. Overall, however, the impact of an ineffective country programme on the objective of the Fund in achieving maximum ODS reduction in the grace period was limited because there were many cost-effective projects to be targeted in most of the countries.

#### The demands of the compliance period

6. The circumstances in the compliance period from the year 2000 onward are significantly different from those in the grace period.

7. First the compliance baselines for CFCs, halons and methyl bromide have been calculated for each Article 5 country that reported data to the Ozone Secretariat.

8. Secondly, different from the target-free grace period, the compliance period is clearly marked by the mandated specific reductions of each controlled substance over a number of years. This presupposes more precise planning, taking into consideration the time lag between planning and delivery of the actions.

9. Finally, while it was permissible for a country to increase its consumption in the years leading up to the freeze in consumption/production level during the grace period, that is no longer the case now. Countries must not only achieve the necessary ODS consumption and production reductions but also maintain the reduced levels in order to ensure continued compliance with the reduction requirements of the Protocol, during the compliance period.

#### The need for an effective phaseout strategy for the compliance

10. These circumstances imply that a functioning country compliance strategy is essential in the compliance period and call for a strategy document which commands greater authority because the strategy will be based on legally binding baseline data. In addition, the strategy document should be accorded greater discipline in implementation, assuming that well thought out actions are intended to deliver specific compliance targets. To that end, the updating of country programmes provides the country with an opportunity to think through targets and an action plan that are reasonably implementable, and that will enable achievement with, at a minimum, the requirements of the Montreal Protocol. This will also provide the Executive Committee with a framework within which to take projects, sector or country funding decisions.

11. Precise planning requires a commanding role by the country, first because the country is responsible for implementing the compliance with the Montreal Protocol and second, the country itself knows best its specific circumstances and follows it through accordingly.

#### **Purposes of the Country Programme Update**

12. The country programme update should provide a strategy for achieving compliance by each Article 5 country concerned with, at a minimum, each of the reduction steps for each of the substances controlled by the Montreal Protocol. It could also be the basis for designing a performance-based final national phaseout agreement with the Executive Committee, either according to the phase out schedule of the Montreal Protocol or an accelerated schedule decided upon by the government concerned. The term country programme update is used for its natural

linkage to the existing country programmes, and in essence the update should constitute the national compliance strategy of the country in the compliance period. With this in mind, the update should:

- Provide an action plan which delineates the activities and the time schedule needed to implement the strategy for achieving compliance, highlighting the inter-relations between intended policies and the specific activities;
- Establish the context for seeking project level and sector plan funding from the Multilateral Fund by showing the impact of ODS reductions from requested projects and sector plans [on the national aggregate consumption], and means of sustaining the reductions to be achieved from new funding received;
- Indicate the sources of funding for the planned activities (national sources and the Multilateral Fund) and the type of funding from either source (investment or non-investment).

### **Responsibility for Preparing the Country Programme Update**

13. Over the past 10 years the Fund has assisted in the establishment of ozone offices in over 100 countries, many of which have been running for over 5 years. Many countries have been participating in regional networks for several years, and have also learned from their peers in other countries what works and what does not work in achieving ODS reductions. The Article 5 countries now have significant knowledge of the ODS use in their industry, and the challenges they face in phasing out such a use. They are in a much better position to develop sound strategies. Accordingly, it should be the responsibility of the government of the Article 5 countries concerned to update their country programme at an appropriate time to assist their efforts to implement the Montreal Protocol compliance.

14. Any funding provided by the Executive Committee to support this endeavour should be directed by the Government to ensure the development of a strategy that has the support of key ministries and constituencies. While implementing agencies may be requested by governments to provide assistance, it should be the governments who are clearly in charge of the process of developing the update.

### **Process of Preparing Country Programme Update**

15. Countries should prepare the country programme update based on their need to implement an effective ODS phase out strategy. While the country programme update may include additional items other than those called for in the “Draft Format for Country Programme Update”, annexed to this document, the items requested in the annex should, if applicable, be provided in order to enable the Executive Committee to gain a consistent and fundamental understanding of the plans of all countries.

16. Eligible Article 5 countries could seek funding from the Fund for the preparation of the update and such requests should be accompanied with a general overview of the implementation

of the original country programme and a detailed overview of the process that the country intends to use to prepare the update. The time needed for completing a country programme update could vary depending on the circumstances of each country but should not, in general, exceed 12 months. Country Programme Update should be submitted to the Executive Committee for review and/or approval and should be used as a basis for considering requests for project funding.

### **Country Programme Update and Refrigerant Management Plan**

17. Refrigerant management plans (RMPs) have already been developed and approved for many low volume consuming countries. Related funding was designed to enable countries using ODS almost exclusively in the refrigeration sector, to prepare strategic plans for the complete elimination of CFCs. Further, at the 32<sup>nd</sup> and 33<sup>rd</sup> meetings of the Executive Committee, additional funding (50% of the approved funding) was allowed in accordance with Decision 31/48. In this context, it is expected that there will be no need for countries requesting new or additional funds to develop a separate country programme update. Their RMP planning process should, in accordance with the requirements for RMPs, present an action plan to enable compliance with the Montreal Protocol. Thus, RMP for LVCs should, in countries where there is no significant ODS consumption other than CFC for refrigeration servicing, serve the same purpose as a country programme update. Indeed Decision 22/24 stipulated that country programmes prepared after 1997 should also serve as RMPs.

18. For those countries where the preparation of RMP is under way, preparation of the country programme update should be combined with the RMP preparation. There should not be additional funding for the country programme update preparation except in those countries where there is significant remaining consumption/production of controlled substances other than CFCs (e.g. methyl bromide, halons).

### **Countries which are Ready to Conclude a National Phase out Agreement**

19. Some countries may choose to use the process of developing a country programme update as an opportunity to prepare and present a performance-based national phase out project. Those countries which are ready to assume full ownership and conclude a performance-based national phase out agreement with the Executive Committee should expand the country programme update to add such elements like performance milestones, total budget, disbursement schedule, and monitoring and verification requirement. The detailed structure and prerequisites for such schemes are expected to evolve overtime with experience and may need further discussion and elaboration.

20. Pre-requisites for launching such schemes could include:

- A clear expression of interest by the government concerned, which could be a letter to the Executive Committee from a senior official acting formally on behalf of his or her government;
- Enactment and enforcement of import and export regulations needed to ensure that the country can meet the reductions it would commit to comply with (e.g. a ban on specific ODS and product imports).

#### **Draft format for Country Programme Update**

21. The Annex contains the draft Format for Country Programme Update, which includes items to provide consistent and fundamental data from all countries preparing such updates. However the Format may be augmented by the country in any manner that it believes is important to meet its strategic needs.

Annex

**DRAFT FORMAT FOR COUNTRY PROGRAMME UPDATE**

**Part I Review of Implementation of the Current Country Programme**

**I.1 ODS Phaseout**

| ODS            | Consumption/<br>Production in<br>C.P. ( in<br>ton/ODP) | Year<br>of<br>Data | Phaseout<br>Achieved<br>(in ton/ODP) | Compliance<br>Baseline<br>(in ton/ODP) | Latest<br>Consumption<br>(in ton/ODP) | Latest<br>Consumption<br>Year<br>(in ton/ODP) | Comments |
|----------------|--|--------------------|--------------------------------------|--|---------------------------------------|---|----------|
| CFC            |  |                    |                                      |  |                                       |   |          |
| Halons         |  |                    |                                      |  |                                       |   |          |
| Methyl bromide |  |                    |                                      |  |                                       |   |          |
| TCA            |  |                    |                                      |  |                                       |   |          |
| CTC            |  |                    |                                      |  |                                       |   |          |

**I.2 Industry Conversion**

| Sector        | Consumption<br>in C.P.<br>(in ton/ODP) | Year of<br>Data | No. of<br>plants<br>in C.P. | No. of<br>plants<br>converted | ODS<br>phased<br>out<br>(in<br>ton/ODP) | Funds<br>received<br>(in US\$) | Estimated<br>No. of plants<br>to be<br>converted | ODS<br>consumption<br>(in<br>ton/ODP) | Comments |
|---------------|--|-----------------|-----------------------------|-------------------------------|---|--------------------------------|--|---------------------------------------|----------|
| Refrigeration |  |                 |                             |                               |   |                                |  |                                       |          |
| Foams         |  |                 |                             |                               |   |                                |  |                                       |          |
| Aerosol       |  |                 |                             |                               |   |                                |  |                                       |          |
| Solvents      |  |                 |                             |                               |   |                                |  |                                       |          |
| Halons        |  |                 |                             |                               |   |                                |  |                                       |          |
| Fumigant      |  |                 |                             |                               |   |                                |  |                                       |          |
| Total         |  |                 |                             |                               |   |                                |  |                                       |          |

**I.3 Government Actions**

| Policy  | Proposed<br>in C.P.<br>(Y/N) | Year of<br>implementation<br>in C.P. | Status of<br>Implementation<br>(Y/N) | Year of<br>Implementation | Comment if experiencing<br>delay |
|---|------------------------------|--------------------------------------|--------------------------------------|---------------------------|----------------------------------|
| Control on ODS import                               |                              |                                      |                                      |                           |                                  |
| Control on import of<br>ODS-containing<br>equipment |                              |                                      |                                      |                           |                                  |
| Ban ODS import                                      |                              |                                      |                                      |                           |                                  |
| Ban on import of<br>ODS-containing<br>equipment     |                              |                                      |                                      |                           |                                  |
| Ban on new uses of ODS                              |                              |                                      |                                      |                           |                                  |
| Control on end-users                                |                              |                                      |                                      |                           |                                  |

#### **I.4 Overall Assessment of the Current Country Programme Implementation**

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#### **NOTES:**

##### Review of Implementation of the Current Country Programme

- I.1 ODS Phaseout should include an update on the phase out achieved and the remaining consumption to be phased out under each Annex/Group of controlled substances of the Montreal Protocol.
- I.2 Industry Conversion should include an update on number of plants which have already completed their industrial conversions and the estimated remaining number of plants that have not been converted for each ODS consuming sector and sub-sector, especially remaining manufacturing plants with significant ODS consumption.
- I.3 Government actions should include an update on the implementation of the policy controls such as: control of ODS imports; control of import of equipment that contains ODS, ban on new uses of ODS as well as end-user controls.
- I.4 Overall Assessment of the Current Country Programme Implementation should describe the experiences and lessons learned in the country programme implementation up to the time of preparing the update. Among other things, it should include such items like relation between policies and industry conversions, the interaction between non-investment and investment activities, the role of implementing agencies versus that of the government and others.

## Part II Country Programme Update

### II.1 Schedule and Action Plan for Implementing Compliance

A schedule with an action plan, as shown below, should be prepared for each controlled substance consumed/produced in the country according to the Montreal Protocol schedule. The schedule could be adjusted according to national circumstances if the government concerned intends to implement an accelerated phase out.

#### **SCHEDULE AND ACTION PLAN FOR IMPLEMENTING CFC COMPLIANCE**

| Year | Phase out schedule |             | Envisaged reduction from approved projects<br>(in ton/ODP) | Envisaged reduction from new approvals<br>(in ton/ODP) | Means of delivery foreseen* | Gov. Planned action(s) | Estimated additional funding needed<br>(in US \$) | Source of funding<br>(national and Multilateral Fund) | Types of funding<br>(investment and/or non-investment) |
|------|--------------------|-------------|--|--|-----------------------------|------------------------|---|---|--|
|      | Montreal Protocol  | Accelerated |  |  |                             |                        |   |   |  |
| 1999 | Baseline           |             |  |  |                             |                        |   |   |  |
| 2000 |                    |             |  |  |                             |                        |   |   |  |
| 2001 |                    |             |  |  |                             |                        |   |   |  |
| 2002 |                    |             |  |  |                             |                        |   |   |  |
| 2003 |                    |             |  |  |                             |                        |   |   |  |
| 2004 |                    |             |  |  |                             |                        |   |   |  |
| 2005 | 50% reduction      |             |  |  |                             |                        |   |   |  |
| 2006 |                    |             |  |  |                             |                        |   |   |  |
| 2007 | 85% reduction      |             |  |  |                             |                        |   |   |  |
| 2008 |                    |             |  |  |                             |                        |   |   |  |
| 2009 |                    |             |  |  |                             |                        |   |   |  |
| 2010 | Total phaseout     |             |  |  |                             |                        |   |   |  |

\* Could be individual, umbrella, sector projects, RMP, and others.

### II.2 Review and Updating

| <b>Year of plan:</b>                          |                                      |                 |
|---|--------------------------------------|-----------------|
| <b>Target in the Schedule and Action Plan</b> | <b>Implementation at end of Year</b> | <b>Comments</b> |
| ODS reduction                                 | Achieved (Y/N)                       |                 |
| Reduction from approved projects              | Achieved (Y/N)                       |                 |
| Reduction expected from new projects          | Achieved (Y/N)                       |                 |
| Gov. policy control                           | Implemented (Y/N)                    |                 |
| Overall assessment                            | Satisfactory (Y/N)                   |                 |
| Corrective action needed                      | Y/N                                  |                 |
| Revision of schedule and action plan          | Y/N                                  |                 |

### II.3 Implementation Mechanism Planned

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#### NOTES:

II.1 Schedule and action plan for implementing compliance which should be done for each Annex/Group of controlled substances consumed/produced in the country, using the format. While compliance with the Montreal Protocol schedule is expected, an accelerated phase out schedule could be prepared if it is the desire of the government. For each substance data is required for:

- schedule of the reductions, by year if possible, needed to implement compliance for each Annex/Group of controlled substances starting from the year of the preparation of the country programme update;
- the envisaged amount of reduction to be realized from projects under implementation;
- the envisaged amount of reduction to be achieved from projects to be approved in the year;
- government actions planned to be implemented to achieve reductions;
- additional funding estimated for new projects, specifying sources of funding (national or Multilateral Fund) and types of funding (national or Multilateral Fund) and types of funding (investment and/or non-investment);
- means of delivery foreseen\_ could include individual, umbrella, sector projects, RMPs and others.

#### II.2 Review and updating

The schedule and action plan for implementing compliance of each Annex/Group of controlled substances are intended as a dynamic document to assist the government concerned to monitor implementation of its compliance with the Montreal Protocol. Therefore the government should update it as it deems necessary in terms of its strategic planning needs.

An up-to-date schedule and action plan as part of the national compliance strategy would be mandatory when the country concerned seeks funding from the Multilateral Fund, following completion of the country programme update.

- II.3 Implementation mechanism planned should include a description of the institutional arrangements both within and without the country to implement the strategy. It should include a discussion of the planned implementation modality, e.g. project by project approach or a sector-wide and substance-wide agreement; and the role of the government and that of the implementing agencies.

### Part III Performance-Based National Phase out Agreement

Countries which are ready to conclude a performance-based national phase out agreement should provide:

#### III.1 Total Budget

| Element/Year | Year 1 | Year 2 | Year 3 | Year 4* |
|--------------|--------|--------|--------|---------|
|              |        |        |        |         |
|              |        |        |        |         |
|              |        |        |        |         |
| Total        |        |        |        |         |

\*Till the completion of the agreement

#### III.2 Performance Milestones and Disbursement Schedule

| Year | Milestones | Disbursement |
|------|------------|--------------|
|      |            |              |
|      |            |              |
|      |            |              |
|      |            |              |

#### III.3 Verification and Reporting

Institution for conducting the verification:

Frequency of verification and reporting:

#### NOTES:

##### Performance-Based National Phase out Agreement

This part is required only when a country is ready to conclude a performance-based national phase out agreement with the Executive Committee and take full ownership of the national phase out programme.

- III.1 Total budget should include total cost of implementing the agreement and a breakdown of the cost elements.
- III.2 Performance milestones and disbursement schedule should include a list of quantifiable performance indicators to measure progress and a schedule of funds to be released upon verified achievement of the performance milestones.
- III.3 Verification and reporting should describe the monitoring system to be established for verification and reporting on progress in the implementation of the agreement.

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