

Annex XIII

GUIDELINES FOR THE VERIFICATION OF NATIONAL CONSUMPTION TARGETS OF MULTI-YEAR AGREEMENTS (MYAS)

Introduction

1. Since 1999, multi-year agreements have become a predominant funding modality of the Multilateral Fund to assist Article 5 countries in achieving the ODS phase out targets under the Montreal Protocol. Under these agreements, the responsible implementing agencies are required to submit a verification report on the achievement of the ODS reduction targets specified in the agreements as a prerequisite for the release of the next tranche of funds. The guidelines below are intended to achieve consistency and uniformity in the methodology for carrying out these verifications. They cover, among other things, data requirement and the procedure to be followed in carrying out the verification.

Guidelines for verification of national consumption targets of the MYAs

Purpose

2. The purpose of the guidelines is to provide guidance for conducting verification of the national consumption targets of the MYAs, bearing in mind the specific reporting requirements in each of these agreements.

Applicability

3. These guidelines are intended for the verification of national consumption targets of multi-year agreements for CFCs, halons, CTC, TCA, and methyl bromide. They do not apply to ODS production sector phase out agreements which are governed by guidelines approved by the Executive Committee in the year 2000; sectorial plans may require additional verification procedures at the sectorial level.

Basis for verification of the national consumption targets of the MYAs

4. Since the MYAs define their achievement targets in annual national maximum allowable consumption of an ODS, the verification of the national consumption targets of the MYAs should use the Montreal Protocol definition of consumption as the basis for the verification of the achievement of the targets (i.e. consumption = production+imports-exports). For those Article 5 countries which do not produce the ODS, the formula can be simplified to be consumption equals imports (minus exports where appropriate). For those countries where ODS is produced, the verification of consumption should include the verification of production which was conducted following the guidelines approved at the Executive Committee's thirty second meeting. Imports and exports should be verified using the criteria defined herein.

Procedure for the verification

5. The verification should review national legislation, policies and procedures on ODS imports/exports, such as,

- (a) Channel of communication between Government (the licensing authority) and customs;
- (b) Authorized list of importers/exporters and, where available, distributors;
- (c) Conditions of issuing licenses;
- (d) Administrative procedures and documentation;
- (e) System of monitoring and reporting on exports of ODS;
- (f) Sanctions or penalties to be imposed on violation of legal regulation;
- (g) Mechanisms and capacity for prosecution and enforcement
- (f) National system of harmonized custom codes in order to identify ODSs and ODS mixtures;
- (g) Procedures to be applied in case of suspicious shipments;
- (h) Sampling or other identification methods used.

6. The verification should review official statistics on imports/exports: compare quotas issued versus actual quotas used.

7. The verification should review a representative sample of reports from importers/exporters, and where available of distributors.

8. The verification should review the follow up on the recommendations from previous verifications.

9. The verification should conclude the exercise by discussing conclusions and recommendations.

Data needed for the verification

10. The following information should be available for the purpose of the verification:

- (a) List of authorized importers/exporters, and where available, distributors;
- (b) ODS imports quotas and exports license issued;
- (c) Actual ODS imports and exports;

- (d) National policies and procedures on ODS imports and exports;
- (e) Government enforcement structure for ODS imports and exports;
- (f) Documents such as licenses, trade names, code numbers, labelling, etc, to be presented to customs by importers and exporters of ODS.

Verification document

11. The final verification document should:
- (a) describe the detailed steps and procedures taken to conduct the verification.
 - (b) summarize all aspects of national legislation, policies and procedures designed to ensure achievement of the consumption targets in the multi-year agreement.
 - (c) provide detailed data demonstrating and confirming that the consumption target in the multi-year agreement was achieved.

Institution/Consultant to conduct the verification

12. The choice of the institution/consultant to conduct the verification should generate a reasonable level of confidence that there is no conflict of interest in the process and that the results of the verification are independent and objective.
13. The selection of the candidates for the verification should be made by the responsible implementing agency in consultation with the country concerned. The final selection of the institution/consultant should follow the rules and procedures of the contractor.