

Annex XX

**ENHANCING ARTICLE 5 COUNTRIES NATIONAL OZONE UNIT CAPACITY
BUILDING IN THE FINAL STAGES OF THE COMPLIANCE PERIOD
TO THE MONTREAL PROTOCOL**

Proposal submitted by the Government of China

Whereas, in the past few years, the Executive Committee has reached consensus on recognition of the critical management role of governments in achieving their compliance targets in compliance period of the Protocol, and therefore has constantly emphasized on the country-driven approach, which has been reflected in sector/national phase-out plans.

Recognizing that illegal production, illegal consumption and illegal trade occurred in recent years have caused great challenges to Article 5 countries for achieving the “zero” target of ODS production and consumption in the final compliance period, which requires governments to re-combine forces of relevant organizations and groups including customs agencies and enforcement officials, to formulate more stringent policies and regulations, improve enforcement capacity, and strengthen supervision and punishment on illegal activities. Striking on illegal trade also requires close cooperation and enhanced information exchange among NOUs of different countries.

Considering, in the future years, in the mean time the large and medium investment projects of ODS phase-out funded by the Multilateral Fund decrease gradually, NOUs of Article 5 countries will face more challenging and difficult management works in many fields, such as, a) ODS phase-out to the remaining enterprises (most of them are SME) which have not gained support from the Multilateral Fund, b) formulation, issuance and enforcement of a series of policies and regulations, c) supervision on illegal activities, d) data collection and verification; e) management of ODS recovery, recycle, and destruction, f) management and supervision to the control substance used as feedstock, g) survey and distinguish of ODS essential uses, h) import and export management of ODS and products and equipments with ODS, etc. All of the above works should be treated carefully with more efforts so as to ensure that “zero” production and consumption target of CFCs/Halons/CTC/TCA/MB has been realized in fact. However, capacity of NOUs in Article 5 countries currently is far from adequate to bear the burden and is desiderate to be improved.

Recognizing NOU should put in efforts as soon as possible to start and carry out some works related to HCFCs, such as investigations on HCFCs production and consumption, promote HCFCs substitution technology development and production capacity reservation, and formulate national strategy on HCFCs management, so as to realize smooth transition from CFCs phase-out to HCFCs phase-out at the lowest cost. In particular, considering the situation that HCFCs are still the major alternatives of CFCs in Article 5 countries, and their production and consumption will be constantly increasing in the next 10 years while the phase-out of HCFCs possibly will

lack enough grant support, the study and management work of NOUs on HCFCs should obtain high attention of the Executive Committee and gain supports from the Multilateral Fund from now on so as to make necessary preparation for the future phase-out period.

Suggestion:

1. The Multilateral Fund should increase input in non-investment activities and capacity building of Article 5 countries in the final stage of compliance period, especially in striking the illegal trade, policy formulation and enforcement, substitution technology promotion, and information management.

2. The Executive Committee adds the topic on NOUs capacity building in its meeting agenda to discuss the works of NOU, problems faced by NOUs in management and ways to solve them.

3. Support to UNEP's regional network should be strengthened in the future years, especially its south-south cooperation activities for improving NOUs capacity.

4. The Executive Committee puts the HCFCs management into its work categories, develop relative work plan, and encourage Article 5 countries to start the work of HCFCs management and phase-out strategy development.
