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Executive Committee for the
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Montreal Protocol

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DRAFT WORK PROGRAMME OF THE UNITED NATIONS
DEVELOPMENT PROGRAMME

UNITED NATIONS DEVELOPMENT PROGRAMME

**INTERIM MULTILATERAL FUND OF THE
MONTREAL PROTOCOL**

DRAFT WORK PROGRAMME FOR 1991

MARCH 1991

I. INTRODUCTION

1. The Executive Committee of the Montreal Protocol Multilateral Fund (the Fund) convened its second meeting from 17 to 19 December 1990 in Montreal Canada. At that time, the Implementing Agencies of the Fund, that is, the World Bank, the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP), agreed to prepare Work Programmes for their proposed activities in connection with the Fund in 1991.

2. Accordingly, UNDP through its network of Resident Offices and with the assistance of a consultant, approached relevant developing country authorities to determine their needs and expectations from the Fund. The information resulting from these enquiries serves as the basis for the Work Programme. Responses from developing countries are still being received and so the conclusions drawn in this first draft are preliminary. This version is to be used as the basis for tripartite discussions among the World Bank, UNEP and UNDP in Nairobi on 29 March 1991. Following these discussions, and utilizing further information expected from field offices in the next few weeks, a revised Work Programme will be prepared and submitted to the Parties for consideration during the third meeting of the Executive Committee to be held in Montreal from 15 to 19 April 1991.

II. BACKGROUND

3. The Interim Multilateral Fund of the Montreal Protocol is intended to provide financial and technical assistance to developing countries which are parties to the provisions of the Montreal Protocol. The World Bank, UNEP and UNDP, in agreeing to serve as Implementing Agencies, have accepted individual roles and responsibilities as outlined in the Decisions of the Second Meeting of the Parties of the Montreal Protocol on Substances that Deplete the Ozone Layer held in London in June 1990; and further elaborated at the Second Meeting of Executive Committee (Montreal 17-19 December 1990) and by the Sub-Committee of the Executive Committee which met in Montreal 4-6 March 1991.

4. UNEP serves as Treasurer of the Fund and will also undertake the promotion of the objectives of the Protocol, research, data gathering and clearing house functions. The World Bank is responsible for capital investment to finance agreed incremental costs of activities.

5. UNDP is responsible for technical assistance and will manage the following:

- (a) pre-investment studies and feasibility studies;
- (b) planning, preparation and implementation of country programmes and specific projects;
- (c) co-ordination of outreach efforts with participating parties and relevant organizations; and
- (d) provision of technical assistance for in-country training or management during the implementation of projects.

III. UNDP STRATEGY AND FOCUS

6. The success of the Montreal Protocol and the Interim Fund will depend on an equal level of commitment and trust among all parties. In transforming industries and, in general, meeting the conditions of the Montreal Protocol, developing countries will carry significant economic risk. If this risk is to be fully accepted, operations must embody the principles of equal cooperation and partnership. In this light, participating developing countries must be fully involved from the outset, in initial planning and preparation of programmes and projects and developing countries must be in full control of the implementation of their respective programmes. The actions of UNDP in preparing and implementing its Work Programme for the Fund are governed by these principles.

7. A particular strength of UNDP which will be brought to bear on the concerns to be addressed by the Fund is the extensive network of Field Offices in developing countries (112 in all) which in turn have strong in-country links to a broad spectrum of government and non-government interests. UNDP is therefore uniquely positioned to be a field-level, country-based co-ordinator of the various efforts to control Ozone Depleting Substances (ODS). This would entail both donor coordination and (where needed and requested) assisting central government agencies coordinate the activities of local interests such as relevant government ministries (e.g. environment, industry, trade, planning), private industry and NGO's.

8. UNDP also has comparative advantage in providing technical assistance and human development including training for developing countries and will therefore take the lead in design and implementation of these aspects of the Fund.

9. As mentioned earlier, UNDP is responsible for pre-investment activities of the Fund which will be a major component of the Work Programme, especially in the first two years. Success of the pre-investment work will depend to a large extent on donor cooperation involving not only the Implementing Agencies of the Fund, but also bilateral organizations actively assisting in the control of ODS. UNDP will work closely with the World Bank on those pre-investment studies preparing capital investment projects. Furthermore, it will collaborate closely with UNEP on policy dimensions to ensure consistency with Montreal Protocol provisions and objectives.

10. The donor Parties have indicated that priority will be given to projects which are the most cost-effective and efficient means of reducing emissions of ODS. While this implies that overall emphasis should go to a few countries where ODS production and/or consumption is relatively high, UNDP will offer assistance to all Article 5, paragraph 1 countries¹. Furthermore, since UNDP operations relative to those of the World Bank tend to favour smaller, simpler activities, UNDP will take the lead in countries

¹ Article 5 paragraph 1 countries are developing countries eligible for assistance from the fund. There are now 26 such countries as listed later in the report.

and/or situations where relatively simple, small-scale interventions are more appropriate.

11. UNDP recognizes that assistance from the fund is available only to Article 5 paragraph 1 countries. Nevertheless there are a number of developing countries which are considering or preparing to sign the Protocol. UNDP will provide limited assistance to some of these countries from its own resources to help and encourage them to prepare to comply with the conditions of the Protocol. This will be undertaken in close consultation with the Chief Officer of the Fund Secretariat, UNEP and the World Bank. Examples of countries within this category are China, India, Indonesia, Philippines, Uganda and Columbia (see pages 7 and 8 of Appendix 2).

IV. THE PRESENT SITUATION

A. Countries Eligible for Assistance

12. By January 1991 there were an estimated 60 parties that had signed and ratified the Montreal Protocol including 26 developing countries now operating under Article 5, paragraph 1 and therefore eligible for assistance from the Fund. These developing countries are listed below, grouped according to UNDP's operational regions:

(i) Africa

- . Burkina Faso
- . Cameroon
- . Gambia
- . Ghana
- . Kenya
- . Nigeria

(ii) Arab States and Europe

- . Egypt
- . Jordan
- . Malta
- . Syria
- . Tunisia

(iii) Asia and the Pacific

- . Bangladesh
- . Fiji
- . Malaysia
- . Maldives
- . Sri Lanka
- . Thailand

(iv) Latin America and the Caribbean

- . Argentina
- . Brazil
- . Chile
- . Ecuador
- . Guatemala
- . Mexico
- . Panama
- . Trinidad and Tobago
- . Venezuela

13. Apparent from the list is the exceedingly wide range of countries and conditions, in particular types of industrial plant, equipment and management, political systems, economies and traditions. Brazil and Mexico, for example, are newly industrializing countries with a high level of ODS production and consumption and with strong industrial and commercial interests; whereas, several of the smaller developing countries have no production facilities and very small industrial consumption. This disparity is factored into the Work Programme.

B. Work in Progress

14. UNDP staff are currently taking stock of the array of ODS-related programmes and projects in developing countries, particularly those receiving or to receive bilateral and multilateral assistance. A summary of the present status of the 26

eligible developing countries is given in Appendix 1. The status of six important developing countries yet to sign the Protocol are also briefly summarized in Appendix 1.

15. The situation as described in Appendix 1 is somewhat diffuse. Current evidence indicates that country and other pre-investment studies are under way or have been completed in at least 13 countries, viz. Argentina, Brazil, Chile, Egypt, Ghana, Kenya, Malaysia, Mexico, Nigeria, Thailand, Trinidad and Tobago, Tunisia and Venezuela. Studies are now proposed in a further six countries, viz. Cameroon, Ecuador, Guatemala, Jordan, Maldives and Panama. So far it appears that no proposals have been made for some seven countries, that is, Bangladesh, Burkina Faso, Fiji, Gambia, Malta, Sri Lanka and Syria.

16. UNDP's preliminary review of the current situation has concluded that the ozone-protection studies, which are being carried out with the assistance of multilateral and bilateral programmes or by the countries themselves, vary a great deal in scope, approach, objectives, content and terms of reference. Some are being carried out in concert with a co-ordinated, coherent programme. However, others are fragmentary or isolated studies that had been initiated to stir up interest in the country concerned. Additionally, there are several cases where no longer-term commitments of funds have been made for a meaningful programme of studies, and it is not known how further studies will progress

or who will support them. Of particular concern is the lack of uniformity in the ongoing and completed studies.

C. Expectations of Developing Countries

17. A key element to a sound Work Programme -- the full understanding of developing country expectations from the Fund and from the respective Implementing Agencies -- is still incomplete. Field staff, through in-country dialogue, are in the process of gaining a much better understanding of expectations so that activities can be tailored accordingly.

THE UNDP 1991 WORK PROGRAMME

A. Initial Preparations and Start-Up

18. At this initiating stage of the Fund, UNDP, and in particular its network of 112 Field Offices has a vital role in co-ordinating and implementing a wide range of early studies needed to operationalize the fund including:

- (a) completing an overview of the present situation;
- (b) providing backstopping to ongoing country activities in the form of assistance for the completion of studies and provision of related technical assistance,

seminars/information exchange and demonstration/pilot projects; and

- (c) initiating programmes in eligible countries where little or no work has started.

(i) Completion of Status Report on ODS Activities in Eligible Countries

19. As described earlier, the present situation regarding ozone-layer-protection studies requires further investigation and analysis. Ongoing support from the World Bank, UNDP, UNEP, United Kingdom, United States, Netherlands, Canada, Sweden, Finland and the European Economic Commission (EEC) is already available to many countries and other countries (e.g. Venezuela) have independently initiated their own programmes.

20. The ongoing studies and programmes are doubtlessly producing valuable information which would be of use to the Implementing Agencies of the Fund. Furthermore the study would facilitate donor coordination and mobilization of resources complementary to the Fund.

21. UNDP therefore proposes to draw on its field offices to prepare a status report on ozone layer protection initiatives.

This would involve assembling all known studies and reports on ozone-layer protection, summarizing them and preparing comparative studies. The estimated cost of preparing such a status report is as follows:

. External consultants, 100 days @ \$600/day	US\$60,000
. Local consultants, 200 days @ \$150/day	30,000
. Travel and subsistence	30,000
. Printing and dissemination	20,000
. Miscellaneous incl. support costs	<u>30,000</u>
Total	<u>US\$170,000</u>

(ii) Co-ordinating In-Country Studies

22. Present ODS initiatives are hampered by the absence of a uniform system to approach the problems in developing countries. Some countries are expected to get off to a good start, but financial constraints may hamper their programmes later on. Others will have the financial resources, but may lack the technical expertise or other facilities to move forward. With a variety of sources of foreign assistance, each with its own style and approach, it will be difficult to attain coherent and co-ordinated progress.

23. UNDP with its strong network of Resident Offices and close day-to-day contact with operational agencies of governments, and

other sectors (NGO's and private enterprise), can assist governments to coordinate initiatives. This backstopping will reduce the amount of duplication, a problem which is now emerging.

24. Activities expected to be undertaken include: (i) revising/ completing many of the older or on-going country studies; (ii) regular inventories of industries (new/chanqing industries consuming or producing ODS); (iii) special in-depth studies where ODS problems may be unique in a given country or situation; and (iv) preparation of terms of reference for additional complementary studies which may be required. The anticipated costs of these activities are as follows:

. External consultants, 200 days @ \$600/day	US\$120,000
. Local consultants, 600 days @ \$150/day	90,000
. Travel and subsistence	80,000
. Miscellaneous incl. support costs	<u>40,000</u>
Total	<u>US\$330,000</u>

(iii) Programme Formulation and Other Initial staff Inputs

25. Implementation of the Fund in this initial year is expected to involve a measure of trial-and-error and major revisions to the Work Programme will be needed. The cost of revisions including reassessments of Programme needs together with the cost of preparing the 1992 Work Programme are expected to be about \$50,000.

Other UNDP managerial staff costs eligible for reimbursement will be an estimated \$150,000 in 1991.

B. Feasibility Studies

26. Detailed feasibility study requirements are still being assessed and further consultation among UNDP and World Bank staff are still needed before an accurate assessment can be made. For preliminary budgeting purposes, an estimated \$1.5 million will be required for feasibility studies in 1991. This is based on an estimate of 15 individual studies with an average cost of \$100,000.

C. Technical Assistance and Training

(i) Small-Scale Technical Assistance

27. Many of the activities required for ozone-layer protection in developing countries are small-scale and simple inputs where a "hands-on" approach is necessary to get, for example, technical experts into the field as soon as possible and for a short period of time to help modify equipment. This is perhaps particularly true in the smaller countries where a short visit by an experienced professional or a technician can do much to simplify technological change and transfer. UNDP will provide for about 20 technical assistance visits averaging 30 days duration each. The proposed

budget is thus as follows:

. short-term technical assistance,	
\$500 x 600 days	US\$300,000
. Travel and subsistence	170,000
. Miscellaneous incl. support costs	<u>80,000</u>
Total	<u>US\$550,000</u>

(ii) Seminars and Short-Term Training

28. Emerging from the various studies promoted by the many funding agencies will be a continuous demand for information on alternative ODS technologies and for professional and technical seminars and related short-term training. In 1991 UNDP intends to arrange for the short-term professional training through seminars and factory visits of about 60 individuals (entrepreneurs/operatives) from industries using ODS. This could best be arranged for about three groups of 20 individuals each to participate in seminars and factory visits of about one month average duration. The estimated budget for this activity is as follows:

. 3 one-month seminars @ \$50,000/seminar	US\$150,000
. Travel and subsistence for 60 persons	400,000
. Miscellaneous incl. support costs	<u>100,000</u>
Total	<u>US\$650,000</u>

(iii) Pilot Projects

29. A very important aspect of the UNDP Work Programme is the establishment of pilot projects demonstrating the use of substitute processes and raw materials. Although time constraints in 1991 and lead time required will limit the extent of this activity, simpler techniques can be the basis for the first pilot projects. Initially UNDP will focus on demonstration plants for aerosol filling which is a relatively simple type of technology transfer. It will also include the experimental introduction of recycling equipment in various industrial subsectors. A provisional budget is set out below:

. Investment for demonstration/pilot plants	US\$650,000
. Operating costs for 1991	100,000
. Installation of recycling units	100,000
. Miscellaneous incl. support costs	<u>150,000</u>
Total	<u>US\$1,000,000</u>

(iv) Small-Country Assistance Programme

30. It was noted that no plans or programmes have been proposed for seven of the minor ODS consuming/producing countries, that is, Bangladesh, Burkina Faso, Fiji, Gambia, Malta, Sri Lanka and Syria. UNDP agrees to take responsibility for such countries which have

legitimate needs for assistance even though the global benefit from eliminating ODS in such countries would be minor. Although it is unlikely that any of these countries will ever be major consumers, there it is likely that there will be growth in some of the more peripheral uses of ODS in these countries, for example, cleaning solvents in the electronics or automobile industry. UNDP therefore, through its field offices, will be responsible for brief surveys of the ODS consumption in the seven above-mentioned countries with a view to drawing up individual work programmes for them. A sum of \$100,000 is provisionally allocated for this purpose.

(v) Investment-Related Technical Assistance and Training

31. Technical assistance and training associated with the capital investment projects to be funded by the World Bank and Regional Development Banks, will be undertaken by UNDP. Detailed needs are still being assessed, but assuming that such activities will range between 10 and 20% of total capital investment project costs and that 1991 will involve capital allocations of \$ 5 - 10 million, approximately \$ 1 million will be needed for technical assistance and training.

TAD/BPPE

18 March, 1991

United Nations Development Programme
 Draft 1991 Work Programme for the
 Interim Multilateral Fund of the Montreal Protocol
 Indicative Cost Summary

Item	QTR I	QTR II	QTR III	QTR IV	TOTAL
	(US\$ '000)				
Preparation and Initial Start-Up					
Status Report	0	85	85	0	170
Coordinating Country Studies	0	110	110	110	330
Programme Formulation	10	20	0	20	50
Initial Staff Inputs	<u>20</u>	<u>40</u>	<u>40</u>	<u>50</u>	<u>150</u>
Sub-total	30	255	235	180	700
Feasibility Studies Sub-total	0	100	400	1,000	1,500
Technical Assistance and Training					
Small-scale Technical Assistance	0	100	200	250	550
Seminars & Short-term Training	0	100	250	300	650
Pilot Projects	0	200	400	400	1,000
Small-Country Assistance Programme	0	20	40	40	100
Investment-Related TA and Training	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Sub-total	0	420	890	1,990	3,300
TOTAL	30	775	1,525	3,170	5,500

SUMMARY REVIEW OF CURRENT STATUS OF COUNTRIES

A. Article 5 Paragraph 1 Countries

The following information is a result of recent feedback from developing countries through UNDP Resident Offices and field visits. The World Bank's Draft Discussion Work Programme for 1991 (December 1990) and UNEP's Initial Work Programme for 1991 were also consulted along with World Bank and UNEP staff.

- (a) Argentina: UNEP has completed a preliminary study with Finnish Trust Fund financing. The World Bank has proposed nothing for 1991, but for 1992 and 1993 proposes a reconnaissance mission, an identification mission, a final mission and a series of workshops. Total cost is put at US\$400,000.
- (b) Bangladesh: As far as UNDP is aware, no studies have yet been carried out or are proposed. However, the UNEP/SIDA office with its resources in Bangkok is in a position to render assistance as and when required.

- (c) **Brazil:** In May 1990 the United States Environment Protection Agency (EPA) assisted the Government of Brazil in preparing a country study. EPA is now assisting the government in implementing some of the findings and is assisting on low CFC foams. The World Bank has proposed initial, preparation, project-appraisal and implementation missions for 1991. These are likely to be associated with related work in the industrial sector which the Bank is currently undertaking. The cost of these studies is put at US\$250,000.
- (d) **Burkina Faso:** As far as UNDP is aware, no studies have yet been carried out or are proposed.
- (e) **Cameroon:** The World Bank has proposed a reconnaissance mission for 1991 at a cost of US\$35,000.
- (f) **Chile:** A country case study is in the process of being carried out by Chilean consultants with assistance from UNEP, and a further programme of studies is being developed. The World Bank has proposed a reconnaissance mission, an identification mission and conference/workshops for 1991 at a cost of about US\$150,000.

- (g) **Ecuador:** Authorities are working together with the U.S. Environmental Protection Agency on a preliminary country study with a view to identifying projects for financing by the Fund.
- (h) **Egypt:** A case study was carried out by the Egyptian authorities with assistance from the United States EPA in June 1990. The World Bank has recently undertaken a mission to Egypt and proposes a series of policy, information and project interventions for 1991.
- (i) **Fiji:** As far as UNDP is aware no studies have yet been undertaken or are proposed.
- (j) **Gambia:** As far as UNDP is aware no studies have yet been undertaken or are proposed.
- (k) **Ghana:** It is understood that UNEP is likely to assist the Government of Ghana to undertake a country study with the financial assistance of the Government of Denmark. The World Bank has recently had an exploratory mission to Ghana, and proposes a reconnaissance mission later in 1991 at a cost of US\$32,000.
- (l) **Guatemala:** As far as UNDP is aware no studies have been undertaken or are proposed for 1991, although the World

Bank has proposed a reconnaissance mission for 1993.

- (m) **Jordan:** The World Bank proposes a reconnaissance mission and a project-identification mission for 1991.
- (n) **Kenya:** UNEP undertook a study in May 1990 with the assistance of the Government of Sweden. It is proposed by UNEP that a second phase study be undertaken in 1991. The World Bank has proposed a reconnaissance study for Kenya for early 199.. at a cost of US\$32,000.
- (o) **Malaysia:** It is understood that a preliminary study is being undertaken in Malaysia with the assistance of the Government of Canada (CIDA), and results are awaited shortly. It is also understood that UNEP with the assistance of the Government of Sweden (SIDA) is to give assistance to Malaysia on the halons subsector. The World Bank has prepared terms of reference for a proposed feasibility study for use of non-CFC technology in solvent and foam applications.
- (p) **Maldives:** UNEP has proposed a country study for Maldives in 1991.
- (q) **Malta:** As far as UNDP is aware no studies have been undertaken or are proposed for Malta in 1991.

- (r) **Mexico:** A country case study was carried out by the Mexican authorities with assistance from the United States EPA in 1990. The United States EPA continues to assist technically on cleaning solvents in the "maquilladores" industries. The Gov't request UNDP assistance for "south-south" technology transfer and training and for definition of business opportunities related to CFC phase-out policies. Final Terms of Reference for this intervention are expected shortly from Mexico. The World Bank which is involved in related industrial development projects in Mexico proposes to carry out identification, formulation and preparation missions in 1991 at a cost of about \$150,000.
- (s) **Nigeria:** A preliminary mission by the World Bank has visited Nigeria. The Bank proposes a reconnaissance mission to Nigeria in 1991 at a cost of US\$35,000.
- (t) **Panama:** The World Bank proposes a reconnaissance mission to Panama in 1993, but nothing is programmed as far as UNDP is aware for 1991.
- (u) **Sri Lanka:** As far as UNDP is aware no studies have been undertaken in Sri Lanka and none are proposed.

- (v) **Syria:** As far as UNDP is aware no studies have been undertaken in Syria and none are proposed.
- (w) **Thailand:** UNEP has been active in Thailand with the assistance of the Government of Sweden. It has been proposed to carry out a country study with assistance from the Government of Australia. The World Bank has undertaken a reconnaissance survey of the situation in Thailand and has prepared terms of reference for a proposed feasibility study for use of non-CFC technology in solvent and foam applications.
- (x) **Trinidad and Tobago:** A working group of industry has been formed in Trinidad and Tobago and is currently undertaking a reconnaissance study with the assistance of UNDP. The World Bank has proposed a reconnaissance mission, a baseline study, project identification and preparation missions for 1991 at a cost of about US\$200,000.
- (y) **Tunisia:** The World Bank has just completed a reconnaissance study in Tunisia and proposes to undertake a series of missions there in the course of 1991.
- (z) **Venezuela:** It is understood that Venezuela has undertaken a baseline study utilizing its own resources.

The World Bank proposes four missions for 1991 at a cost of about US\$180,000.

B. Developing Countries Outside the Protocol

Some of the major producers/consumers of ODS in the developing world have not become parties to the Montreal Protocol. As such they do not qualify for assistance from the Interim Multilateral Fund. Nonetheless, several donors (including UNDP) have concerned themselves with this group of countries, and have sought, by offering technical assistance, to encourage these countries to become signatories to the Protocol. This is a very important group of countries since they probably produce and consume as much ODS as do the Article 5, paragraph 1 countries. Following is a summary of UNDP's understanding of the current status of some of the major non-signatories:

- (a) **China:** UNDP carried out a mission to China in May 1990. The World Bank has undertaken negotiations with the authorities there since then, and it seems likely that a new UNDP mission will be fielded in the course of 1991.
- (b) **Colombia:** UNEP proposes to field a mission there in the course of 1991.

- (c) **India:** The United Kingdom Government has been assisting India in preparing country studies, and these are likely to be finalized shortly.
- (d) **Indonesia:** The Indonesian authorities have just started a reconnaissance survey with UNDP assistance and expect to obtain further assistance from the Dutch Government.
- (e) **Philippines:** A study financed by the European Economic Community (EEC) has just been completed for consultants and can be used for further work.
- (f) **Uganda:** UNEP proposes a mission to Uganda in 1991.

TAD/BPPE

18 March 1991