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COMITÉ EXÉCUTIF
DU FONDS MULTILATÉRAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTRÉAL
Trente-cinquième réunion
Montréal, 5-7 décembre 2001

**PLANIFICATION STRATÉGIQUE DU FONDS MULTILATÉRAL
DOCUMENT 34/53 RÉVISÉ: SUIVI DE LA DÉCISION 34/66 C)**

Introduction

1. La Décision 34/66 chargeait le Secrétariat:
 - «b) de demander aux membres du Comité exécutif de commenter, par écrit, le document UNEP/OzL.Pro/ExCom/34/53; et
 - c) de soumettre à la trente-cinquième réunion une version révisée du document UNEP/OzL.Pro/Ex/Com/34/53 tenant compte des propositions et des opinions exprimées à la trente-quatrième réunion ainsi que des propositions écrites transmises par les membres du Comité exécutif.»
2. Le Secrétariat a donc sollicité des membres du Comité exécutif leurs observations pour le 31 juillet 2001, immédiatement après la conclusion de la 34^e réunion, et il a reçu en réponse les contributions de 11 pays, reproduites à l'Annexe I.
3. Les observations des membres du Comité exécutif portaient sur cinq grands domaines:
 - a) Base de calcul de la consommation restante de SAO admissible aux fins de financement. Des membres se sont inquiétés de l'utilisation du niveau de consommation de l'année dernière comme base, puisque ce niveau pouvait comporter des erreurs inhérentes causées par le ralentissement économique, le stockage de SAO, leur commerce illicite ou d'autres raisons. La nécessité d'ajustement de la base a donc été soulignée. Il a été suggéré par ailleurs de mettre au point une méthode appropriée pour tenir compte de l'incidence des projets en cours.
 - b) Modalités de mise en oeuvre. Une fois déterminé le niveau de la consommation restante, il convient d'apporter beaucoup de souplesse à la modalité de mise en oeuvre, de procéder projet par projet ou d'arriver à une entente générale par secteur ou par substance. Les membres souhaitent mieux connaître la modalité d'établissement d'ententes générales par secteur ou par substance.
 - c) Détermination de l'impact des activités non liées aux investissements.
 - d) Nécessité d'accroître le financement des projets de renforcement des institutions.
 - e) Travaux supplémentaires sur la planification stratégique.
4. Il convient de noter que la base de calcul de la consommation restante de SAO admissible aux fins de financement, ainsi que les modalités de mise en oeuvre, ont été abordées dans les documents UNEP/OzL.Pro/ExCom/35/61 et UNEP/OzL.Pro/ExCom/35/62, respectivement.
5. Compte tenu de ce qui précède, les sections portant sur ces questions dans le document UNEP/OzL.Pro/ExCom/34/53, notamment les paragraphes 14 à 18, le paragraphe 25 et la Recommandation 3, sont placées entre crochets, pour indiquer que ces questions sont actuellement étudiées par le Comité exécutif. Autrement, les révisions qui sont introduites sont

indiquées en *gras italiques* pour en faciliter l'identification, dans les paragraphes 9, 12, 20, 21 et les Recommandations 1, 4, 5 et 6.

6. Le document révisé UNEP/OzL.Pro/ExCom/34/53 est reproduit à l'Annexe II.

ANNEX I

**COMMENTS FROM MEMBERS OF THE EXECUTIVE COMMITTEE ON
DOCUMENT UNEP/OzL.Pro/ExCom/34/53**

AUSTRALIA

CHINA

**COLOMBIA CONSTITUENCY
(COLOMBIA AND ARGENTINA)**

FINLAND

INDIA

JAPAN

MALAYSIA

**DOMINICAN REPUBLIC CONSTITUENCY
(MEXICO)**

THE NETHERLANDS

POLAND

Columbia Constituency: Argentina

Comments by Argentina on the document “Strategic Planning: Responses to Implement the Framework on the Objective, Priorities, Problems and Modalities for Strategic Planning by the MFMP during the Compliance Period”

The proposal prepared by the Secretariat in compliance with Decision 33/54 (Doc. UNEP/OzL.Pro/ExCom/34/53) concentrates almost exclusively on an analysis of funding policy.

Consequently, it does not include proposals related to aspects which would need work in the future – some of them had already been identified in Dec.33/54 – i.e.:

- future treatment of users
- reduction in SME use of ODSs and the situation of small and micro users as a subset
- assistance to countries to maintain momentum
- strengthening of the National Ozone Units, although Dec. 33/2 adds tasks to their workload without providing the funding needed to carry them out.

Moreover, the Secretariat presents a debatable methodology to calculate remaining sectoral consumption, an issue that will be dealt with below.

Funding Policies and Their Relationship to Sector Consumption

The MFMP policy during the grace period, especially during the first years, emphasized the impact generated by eliminating Ozone Depleting Substances (ODSs) through the execution of each investment project. The consumption information by sector is based on estimates presented by the Ozone Units.

Following Decision 33/2, an attempt was made to establish a method of mathematical calculation to determine remaining consumption by sector based on the impact on the user market of each reconversion product.

To relate funding to consumption by sector in a linear fashion through the table proposed by the Secretariat Document poses serious difficulties, as it does not cover the following situations:

- ODSs cover very diverse and broad applications ranging from industrial activity, to research, to military, agricultural and health purposes. A single substance may have a major effect on multiple sectors.

- For the purpose of Article 7 of the MP, Controlled Substances are only pure substances and not “pre-mixed polyols” which are considered “products”. These polyols are a major source of CFC-11 consumption for the “foam” sector in many countries. It should be clarified that pre-mixed systems may be produced locally in each country or imported. In cases of polyol importation, if the percentage of CFC contained in the system is not quantified as a controlled substance, this figure would not be reflected in the reported statistics for country consumption, thus excluding that part of the ODS user market from funding (the Executive Committee has approved many projects that had a consumption dependent on these polyols as an input).

- Consumption information by sector is based on the estimates presented by the Ozone Units, using as sources official customs information and annual production figures from companies. Based on the general figures, subsequent analyses of sectoral consumption are made through the importers and distributors of these substances, who are aware of the general figures for annual and monthly demand according to their sales and orders, but who do not have a detailed knowledge of the movements of this consumption at the sectoral or sub-sectoral level.

- Companies undergoing the reconversion process without having completed the project, companies that have already completed the process and those that have concluded part of the project, for example the foaming operation, and still have to conclude the refrigeration process.

- Some companies go bankrupt or change operations, or a part of the market that was held by a reconverted company might be transferred to one that has not yet converted.

- Likewise, the existence of illicit trade affects the real figures for ODS “use”, although it is not part of the statistics.

To summarize, the consumer market behaves in a dynamic fashion and finally, *sectoral consumption continues to be an estimate and cannot be precisely calculated.*

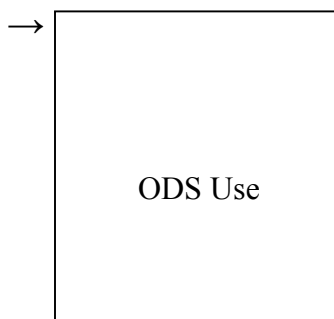
Notion of Aggregate National Consumption – Table for the Calculation of Remaining Consumption Proposed by the Secretariat

The notion of “aggregate national consumption” according to the terms proposed by the Secretariat does not reflect the true behaviour of national consumption.

The following model is proposed to analyze real consumption:

Factors Added

- Users still to be identified and end users
- New companies and non-eligible companies
- Approved projects undergoing execution
- Imports or pre-mixed polyols
- Critical uses
- Illegal trade



↓ Factors Subtracted

- Completed projects
- Bankruptcy/closure of companies
- Company self-reconversion
- Emissions through venting
- Illegal trade

Establishing the last year of consumption as the basis for the calculation of remaining consumption would be inappropriate for the reasons of market dynamics explained previously.

Also, the impact values of a project taken at the date of the project's preparation do not necessarily imply the same impact on the market at a later date. Therefore, it would be appropriate to focus on the "true use" of ODSs and consequently determine which projects are eligible. The base year for calculation could be (a) the baseline established by the MP; or, (b) the average of the past three years, as this would make it possible to absorb the aforementioned fluctuations as an average.

On this point, and as a function of dealing with reconversion according to the residual remaining consumption by sector, two approaches for this analysis could be used: a qualitative, and a quantitative one.

A qualitative approach would mean designing a way of identifying users within a given sector, on a given date, and based on this presenting the Executive Committee with a project covering the reconversion of the entire sector, without taking into account the mathematical subtraction proposed by the Secretariat, but rather ensuring effective permanent reduction. This would oblige the Ozone Units to identify the remaining eligible companies in a given sector, for example, by establishing the obligation of registering by a set deadline.

As a single controlled substance may be used in different sectors, some flexibility should also be ensured for adjustments to the information delivered. This would make it possible to have a control adjustment by substance as well as by sector.

A quantitative approach would imply using a more complex method of calculation that would ensure consideration of market dynamics and lack of precision in the data collected by sector, in order not to compromise the feasibility of funding eligible companies.

In the case of Argentina, conversion of sectors according to the conditions of flexibility proposed here would guarantee equitable funding for those companies that demonstrate consumption and verify conditions of eligibility.

Modalities for Implementation

As previously indicated, the Secretariat's proposal does not include guidelines for areas such as end users, small and micro enterprises and strengthening of the National Ozone Units.

There is agreement on the country-driven approach for the preparation of goals, criteria and necessary national measures to ensure compliance with the MP and the management of ODS reduction programs. However, the greater responsibility on the national level for modalities for implementation, data checking and control should be considered from a realistic viewpoint, in order not to engage a larger amount of funds in the tasks enumerated in Dec. 33/2 and ensuring funding for the areas of government involved in these tasks.

Special attention should be given to the situation of the countries operating under the aegis of Article 5 of the Protocol, and provisions made to strengthen the capacity of those Units in need.

This may be done through non-investment projects to train officials undertaking specific tasks within the operational unit in question.

Conclusions

It is suggested that simple and practical guidelines be established, given the pragmatic nature of the operations within the framework of the Protocol, that will not endanger the success achieved until now, especially taking into account the fact that we are in the compliance period.

It is important to take into account the lack of precision in consumption data by sector and market dynamics; finally, the use of a mathematical table could endanger equitable funding for businesses that are still eligible.

**STRATEGIC PLANNING: PROPOSALS ON IMPLEMENTING THE FRAMEWORK
ON THE OBJECTIVES, PRIORITIES, PROBLEMS AND MODALITIES FOR
STRATEGIC PLANNING OF THE MULTILATERAL FUND IN THE COMPLIANCE
PERIOD: DECISION 34/66**

Input from Australia

Australia thanks the Secretariat for its invaluable efforts in preparing agenda paper 34/53 for the Executive Committee's (ExCom) consideration, and submits the following comments on the paper in accordance with Decision 34/66.

Comments on the proposed adjusted funding policies

Australia supports the proposed adjustments to the Multilateral Fund's (MLF) funding policies as appropriately reflecting the modalities adopted by the ExCom under the Strategic Framework that: "funding must be predicated on a commitment by countries to achieve sustainable, permanent aggregate reductions in consumption and production, as relevant"; and, during the compliance period, countries "must establish and develop national goals, policies and actions necessary to ensure compliance, and must direct the agencies to work in specific areas to achieve its national compliance strategic plans."

Comments on the proposed implementation modalities

1. Modalities to implement the funding policy to emphasise "the demonstrated relevance of projects to compliance"

Australia supports the proposed modalities to the extent that both modalities seek to enable Parties operating under Article 5(1) (A5s) to demonstrate the relevance of a project proposal to their compliance obligations and provide A5s with the scope to continue to progress their ODS phase out on a project by project basis, or alternatively adopt innovative ODS phase out approaches such as substance-wide phase out agreements.

An issue directly related to these modalities is the level of funding available for their implementation. Australia notes the concerns expressed by some members in relation to the proposal that future funding be conditional upon commitment to the concept of permanent reductions in national aggregate consumption.

Australia acknowledges that allowing some fluctuation in annual levels of ODS consumption may in fact be ultimately more conducive to a sustained, cost-effective phase out of ODS than prohibiting any increase in ODS consumption from year to year. Australia notes, however, that the MLF's resources are finite and therefore it is imperative that these resources are allocated in a manner which maximises the MLF's capacity to fulfil its mandate of assisting countries' meet their compliance obligations.

To this end, Australia supports the proposal presented at the 34th Meeting to establish a baseline *ODS consumption eligible for funding* figure for each A5 by ODS, to enable the *remaining ODS consumption eligible for funding* for each A5 to be determined. In regard to the baseline figure, Australia supports a methodology:

- (i) Uses very recently reported consumption data;
- (ii) allows for some adjustment to the above reported data in exceptional cases; and
- (iii) accounts for ongoing and completed projects to date.

It envisages that the *remaining ODS consumption eligible for funding* figure would then be determined by applying the same method of accounting for projects as agreed in (iii) above.

It is therefore Australia's understanding that this modified version of the national aggregate consumption concept would have the following practical effect: in accordance with its rules and guidelines, the MLF would be liable to fund projects to address only the *remaining ODS consumption eligible for funding* figure; the *remaining ODS consumption eligible for funding* figure (but not necessarily the aggregate ODS consumption figure) would permanently decline over time through the system for accounting for approved projects agreed under (iii) above. Thus, A5s could still increase their ODS consumption above the *remaining ODS consumption eligible for funding* figure, on the understanding that such increases in consumption would be considered "consumption *not* eligible for funding".

To assist the ExCom's assessment of project proposals, the "Baseline figure of ODS consumption eligible for funding" and "Remaining ODS consumption eligible for funding" figures should be incorporated into the formats of both implementation methodologies.

In terms of accounting for approved projects against the *ODS consumption eligible for funding* figure, Australia notes agreement will need to be reached on the method for estimating the ODP value of non-investment projects. In this regard the following comments are offered:

- RMPs: are intended to achieve the total phase-out of ODS in the refrigeration and air conditioning servicing sector. On this basis, the ODS consumption in this sector could be used as the ODP value of RMPs. As RMP components are often approved separately, it may be useful to clarify that when the 'official' RMP is approved, the ODP value assigned to it (equal to the consumption in the servicing sector) is considered to account for all previously approved projects in the sector (eg recovery and recycling activities).
- Halons banking management projects for LVCs: like RMPs, are supposed to contribute to the total phaseout of halons used for servicing in the countries and could therefore be given the ODP value of halon consumption in the servicing sector.
- Non-investment projects in the methyl bromide sector: present a challenge as, unlike the above mentioned non-investment projects, the guidelines do not require that these projects are 'terminal' projects.

- Institutional Strengthening and Country Programme projects: can not be expected to have a direct measurable impact on consumption. Moreover, if an ODP value was assigned to these kinds of projects it could be considered double-counting as these projects relate to the management of the projects which have a quantifiable impact on eligible ODS consumption. (see 2. below for comments on the proposed approach to determining the level of funding for institutional strengthening)
- 'Global' resources materials prepared by UNEP: could not be given an ODP value as it is highly uncertain how much impact they have in quantifiable terms and, like institutional strengthening and country programme projects.

2. Modality to implement adjusted funding policy to emphasise "greater government responsibility for managing national ODS phase out programs"

Australia supports the proposed implementation modality of linking funding for institutional strengthening more closely with compliance needs. Australia believes this modality will provide a means by which to ensure that the greater responsibility to be assumed by A5 governments and their National Ozone Units in the compliance period is supported by the appropriate level of institutional strengthening.

Australia notes. as the "national ODS phase out programs" will form part of an A5's "national compliance strategy" (as described in the draft guidelines for Country Program Updates 34/54; referred to in paragraph 21 of 34/53. Also called "national compliance strategic plans" in the Strategic Framework documents), it should reflect an A5's compliance needs. Consequently, linking funding for institutional strengthening more closely with compliance needs should greatly assist the ExCom determine the level of financial assistance required to ensure an A5 government and its National Ozone Unit can effectively manage the national ODS phase out programs which reflect those needs.

Noting there is general agreement that responsibility for the management of national ODS phase out programs is likely expand the role currently undertaken by many A5 governments and their National Ozone Units, and noting the emerging consensus that additional funding should be considered to support this expanded role, Australia suggests that the Secretariat's review of the guidelines for funding institutional strengthening take into account the ExCom's willingness to consider additional funding for institutional strengthening (see proposed amendment to recommendation 5).

Comments on proposed recommendations

Recommendation 1: Australia supports this recommendation.

Recommendation 2: Provided the Country Program Update guidelines can be adopted at the 35th ExCom, Australia proposes this recommendation be amended to add:

"and request IAs to give priority to working with A5s to identify whether requests for assistance in preparing Country Program updates should be included in their 2002 Business Plans"

Recommendation 3: Australia believes adoption of this recommendation should be reserved until the members have further considered the modified version of the national aggregate consumption concept (as reflected in the *baseline* and *remaining ODS consumption eligible for funding* methodology) and the format through which this information is to be expressed in future project proposals.

Recommendation 4: Australia notes there are potential synergies between the Performance-based Substance-wide Phase out Agreement modality described in para 14 of 34/53 and the Performance-based National Phaseout Agreement referred to in para 19 and Part III of the draft Country Program update guidelines. In the interests of providing A5s with the earliest possible guidance on the full range of modalities available to them in progressing their national ODS phase out, Australia proposes recommendation 4 be amended to read:

"Request the Secretariat to work with the Implementing Agencies to develop draft guidelines for the preparation, implementation and management of performance-based substance-wide and national phaseout agreements"

Australia supports this recommendation on the ground that it would be useful in clarifying all parties' expectations in relation to the new modalities. Australia notes, however, the importance of ensuring these guidelines are not prescriptive to a degree which compromises A5s' ability to use these modalities to propose innovative approaches to ODS phase out.

Recommendation 5: Noting there is general agreement that responsibility for the management of national ODS phase out programs is likely to entail an expansion in the role currently undertaken by many A5 governments and their National Ozone Units, and the emerging consensus that additional funding should be considered to support this expanded role, Australia suggests the following amendment:

"Request the Secretariat to work with the Implementing Agencies to review the guidelines for the funding of institutional strengthening projects in view of the adjusted Fund policy of emphasising greater responsibility of governments for national phase out programs, with the objective of linking funding of institutional strengthening projects more closely with compliance needs of countries. The review should take into consideration the results of the recently completed evaluation of the institutional strengthening projects, funding criteria, implementation modality, the Executive Committee's willingness to consider additional funding for institutional strengthening to enable Article 5 governments and their National Ozone Units to assume these greater responsibilities, and other related factors.

Recommendations 4 and 5: In addition to the recommendation made above in relation to recommendations 4 and 5, Australia proposes these recommendations specify at which future

meeting the results of the work of the Secretariat and Implementing Agencies can be expected. If no specific meeting can be identified, Australia suggests the following phrase could be added:

"The Sec will present the [draft guidelines/review] to a meeting of the ExCom at the earliest possible opportunity."

Comments on CRP.4 (paper by Finnish delegation)

Revision to para 12

“demonstrated relevance to compliance is defined as a direct and *if applicable* quantifiable linkage between the funded ~~ODS reduction~~ *activities* and the specific Montreal Protocol Compliance target to be achieved.”

Australia understands that, currently, there is no agreed method for calculating the ODP value of non-investment projects and therefore no means for calculating a "direct and quantifiable linkage between the funding ODS reduction and the specific Montreal Protocol compliance target to be achieved" to demonstrate the relevance to compliance of a non-investment project.

As noted in Australia's comments above on the proposed implementation modalities, Australia believes the ExCom must have the ability to clearly track the extent to which the MLF has already discharged its responsibility to assist a particular country achieve compliance, in the interests of ensuring an effective, equitable allocation of the MLF's resources.

Consequently, Australia suggests that, instead of seeking to exempt non-investment activities from the requirement to demonstrate relevance to compliance, the ExCom should seek to identify a method of estimating the ODP value of such projects.

Australia notes that Recommendation 5 of 34/53 should assist the ExCom in identifying such a methodology.

Revision to para 20

“Recommended further steps: It is recommended that in order to enable countries which are ready to adopt the modality of performance-based substance-wide agreement, the Secretariat should work with *Article 5 countries, in line with the strengthening of the country ownership and the implementing agencies* to develop draft guidelines for the preparation, implementation and management of performance-based substance-wide phaseout agreements.”

Australia can support the proposed changes as well as what Australia understood to be a proposal from the delegation of Japan that bilateral donors also be involved in the development of the draft guidelines.

In the interests of finalising a draft of the guidelines for the ExCom's consideration in a timely manner, however, Australia suggests that the Secretariat and the Implementing Agencies be entrusted with preparing the first draft of the paper, on the understanding that the draft will be

circulated for comment to A5s and bilateral agencies prior to its consideration at the relevant ExCom meeting.

Revision to para 21(c) + amendments to table

“the impact of the requested project on achieving the applicable compliance target, including the impact of the requested project on achieving effective national institutions to ensure a sustainable implementation of national compliance strategies.”

Australia can support the proposed amendment in the interests of making the table in para 22 a more comprehensive summary of the expected impact of the proposed project. It notes, however, that under the draft Country Program Update guidelines A5s would be required to provide such information with project proposals in the form of updated versions of their national compliance strategy's schedule and action plan (Note II.2, page 5 of 34/54).

Australia believes the revisions to (F) and (H) in the para 22 table will not be necessary if agreement can be reached on a method for estimating the ODP value of non-investment projects (see comments on "Revision to para 12" above).

New Recommendation 6

“Urge Article 5 countries to implement a number of minimum viable conditions for achieving phase out, inter alia instituting appropriate legislation, establishing efficiently functioning steering or advisory committees to the NOUs, actively seeking the implementation of decision 30/7 relating to the mandate of NOUs and the full support of central ministries such as Finance and Planning for the work of the NOUs.”

Australia can support this proposal noting, however, that decision 30/7 has already been given effect through amendments to legal arrangements between NOUs and the agency responsible for assisting implementation of the A5's institutional strengthening project.

New Recommendation 7

"Request the Secretariat as a matter of urgency to prepare for the ExCom at its 36th meeting a 'road map' for the implementation of decision 33/54, inter alia identifying the necessary actions required for full implementation of the framework, including an indicative timetable for this task which could be adopted in practice by the ExCom, a methodology for demonstrating relevance of institutional strengthening activities, a review of the present organisation of the ExCom's work and its supportive mechanisms, business plan guidelines and past decision of the ExCom, so as to categorize those that may hamper the development of a country driven strategy or may cause inflexibility."

Australia agrees a schedule would be useful in assisting the ExCom progress implementation of decision 33/54 in a timely manner. Australia believes the basis for determining the timing of the various "necessary actions" should be the approach detailed by the Secretariat in paras 3(a) - (c) of 34/53 which, inter alia, proposes staggering the recommendations for implementing the Strategic Framework over a number of ExCom meetings and in an order which reflects the

evolution of the Fund from its funding policies; to implementation modalities and operational guidelines; to operating procedures and business practices.

Consequently, Australia proposes that the recommendation take the following form:

"Note the Secretariat's proposed approach to implementing decision 33/54 as detailed in para 3 of 34/53, and request the Secretariat, as a matter of urgency, to use that approach as a basis for preparing for the ExCom at its 36th meeting an indicative timetable for this task."

Conclusions

Australia believes the proposals contained in 34/53 provide the ExCom with a basis from which to:

- (1) take its first step in remodelling the Fund to better serve its mandate; and
- (2) clearly identify the roles and responsibilities of all parties in executing this mandate.

Australia looks forward to continued productive collaboration with its colleagues on this issue.

Comments by China on Document UNEP/OzL.Pro/ExCom/34/53

We have following comments to the document 34/53.

Based on experience of China Ozone Action, we think the document 34/53 is a good file, which put forward two important points on ODSs phaseout. On one hand, funding policy should be changed from emphasizing impact of individual projects to putting greater emphasis on demonstrated relevance of such projects to compliance. On the other hand, funding policy on national responsibility should also be changed, NOU ability should be improved further. However, how to improve the ability of NOU? What the specific measures and steps for that? Under country-driven, what are the responsibility changes of NOU and IA? A document about above issues should be prepared by Secretariat for discussion on ExCom meetings.

Besides, the project titled “assessment and analysis on Montreal Protocol implementation in China” is ongoing now. We would like to have technical support from Secretariat or IAs. We also hope this project can be helpful for MLF strategy plan.

Comments by Colombia on Document UNEP/OzL.Pro/ExCom/34/53

STRATEGIC PLANNING

Deficiency of Current Funding Policy for the Compliance Period

Real accounting of the sectoral or national impact is not necessarily the result of a simple mathematical operation that assumes taking the latest notification into account, subtracting the reduction created by approved projects; in some cases it may be that the total cumulative elimination, funded by the Multilateral Fund, is or may be greater than the reported consumption, since one of the following situations may exist in the country:

1. Storage of controlled substances from previous periods, which were not reported in the last consumption report
2. Illicit traffic in substances
3. National economic difficulties, implying a decrease with regard to the reported average which is below the limits set by the protocol, and which once the situation is overcome will allow the reactivation of sectors consuming substances.

The absence of a direct link between the reduction induced by projects and consumption of the controlled substances for which national compliance is being determined could not be deemed to be an “**even more serious deficiency of current funding policy**”, since although some Article 5 countries are in this situation, the analysis should not overlook that most of these countries have been systematically complying with reductions in the consumption of controlled substances, which directly generates a link between the reduction induced by projects and national consumption; in several cases there is a greater effort to eliminate substances, which should be recognized by the Executive Committee as an effort permitting access to additional resources to maintain the momentum.

Adjustments to Current Funding Policy

Although the effort to bring ODS reduction to the highest level over a limited time is laudable, requiring an adjustment of funding policy from the project by project approach to greater stress on demonstrating the relevance of each project for compliance, establishing **demonstrated relevance** as the key for adjustment, it cannot be expected that **sustained and permanent reductions in consumption and production** be achieved in isolation from the current social and economic situations of the countries, insofar as they limit and/or condition the performance of countries in elimination (surprising decreases in some years contrasting with high consumption in others).

In this sense, we believe that the way to take these changes into account is by using the consumption average for the past three years, with the proviso that this does not ensure that there are no levels appearing above or below the average, for which reason the average figure should be considered with a certain degree of flexibility with special consideration of the particular case.

Agreements to Eliminate all Substances Based on Performance

Total remaining consumption, understood as the reported three-year average, reflects particular situations in the analysis of consumption, and thus a formula harmonizing these difficulties and articulating them should be chosen.

The alternative, an agreement to eliminate substances by group, upon presentation of the Refrigerant Management Plan or the updating of the Country Plan, which could contain a timeline for compliance, either in accordance with the baseline established in the Montreal Protocol or earlier, appears to be a good one.

The flexibility that could be achieved by applying this alternative is sound, but certain sensitive issues with regard to **the agreements to eliminate all substances based on performance** should be taken into account, such as:

1. The existence of a large number of small and medium enterprises with high mobility and economic dynamism, together with the lack of associations bringing them together, will hinder negotiation of agreements and call for greater administrative efforts to implement agreements.
2. The cost-effect relationship cannot be determined at the same levels used until now, as the economies of scale associated with projects, the great majority of which were executed with heavy consumers, would not be attained. National Ozone Units will have to undertake greater responsibilities, as actions directed to articulate national efforts, both public (by the various levels of government) and private, will fall to them; thus, it is necessary to consider greater levels of funding resources for this purpose.
3. The determination of relevance in direct execution by governments of the resources projected as the result of the Strategic Planning or through the Implementing Agencies should be at the countries' discretion.

Comments by the Finnish delegation to the document**STRATEGIC PLANNING: PROPOSALS ON IMPLEMENTING THE FRAMEWORK
ON THE OBJECTIVE, PRIORITIES, PROBLEMS, AND MODALITIES FOR
STRATEGIC PLANNING OF THE MULTILATERAL FUND IN THE COMPLIANCE
PERIOD
(UNEP/OzL.Pro/ExCom//34/53)****Proposal for revision of paragraphs**

Revise Para 12

Demonstrated relevance to compliance is defined as a direct and *if applicable* quantifiable linkage between the funded ~~ODS-reduction~~ *activities* and the specific Montreal Protocol compliance target to be achieved.

Revise Para 20.

Recommended further steps: It is recommended that in order to enable countries which are ready to adopt the modality of performance-based substance-wide agreement, the Secretariat should work with *article 5 countries, in line with the strengthening of the country ownership and* the implementing agencies to develop draft guidelines for the preparation, implementation and management of performance-based substance-wide phaseout agreements.

Revise 21 c)

the impact of the requested project on achieving the applicable compliance target, *including the impact of the requested project on achieving effective national institutions to ensure a sustainable implementation of national compliance strategies.*

Revise para 22 Table Methodology for demonstrating relevance of project to compliance (in ODP/Tonnes)

Year of submission:	
Project:	
Controlled substance:	CFCs, halons, methyl bromide, and others
Control measure targeted by project:	e.g. CFC freeze, CFC 50% reduction in 2005, etc.
Linkage to government policy	
Reported consumption last year (Article 7 data): (A)	
Consumption level mandatory for compliance: (B)	
Reduction needed for compliance: (C)	(C) = (A) – (B)
Approved phaseout under implementation: (D)	
Balance to be reduced: (E)	(E) = (C) – (D), or (A) – (B) – (D)
Contribution of project, <i>if applicable</i> (F)	
Remaining consumption to be reduced to meet target after funding the project: (G)	(G) = (E) – (F), or (A) – (B) – (D) – (F)
Remaining consumption of the substance <i>unfunded</i> in country after funding the project: (H)	(H) = (A) – (D) – (F)

Para 32. The Finnish delegation seek clarification from the Secretariat to the last part of the para 32. On our opinion institutional strengthening can not be fully integrated into project activities, although we agree that investment project should have a components of training etc

Proposal for revision of Recommendations

1. Adopt the adjusted funding policies of the MF to emphasize
 - greater government responsibility for managing national phase-out programmes;
 - the demonstrated relevance of project *defined as a direct, and if applicable quantifiable , linkage between the funded activities and the specific MP compliance target to be achieved*
2. Adopt the guidelines for the preparation of the country programmes updates to provide guidance for the development of country compliance strategies *with a view to ensuring adequate funding for necessary updates through collaboration between the Secretariat, the Implementing Agencies and the Members of the Executive Committee.*
3. Pending the preparation of country compliance strategies, adopt the methodology for demonstrating relevance to compliance for *investment* projects as provided in the *amended*

paragraph 22 in this document and request that it be included in all investment projects submitted in 2002, *additionally projects on institutional strengthening should be given due priority to support the early preparation of national compliance strategies which will become the basic document for demonstrating relevance in the future application of Multilateral Fund funding policies.*

4. Request the secretariat to work with the *Members of the Executive Committee* and the Implementing Agencies to develop draft guide lines for the preparation, implementation and management of performance-based substance-wide phase-out agreements *to be presented to Executive Committee 36.*
5. Request the secretariat *together with Members of the Executive Committee* and the implementing agencies to Executive Committee 36 to review the guidelines for the funding of institutional strengthening projects in view of the adjusted Fund Policy of emphasizing greater responsibility of governments for national phase-out programs, with the objective of linking funding of institutional strengthening projects more closely with compliance needs of countries. The review should take into consideration the results of the recently completed evaluation of the institutional strengthening projects, funding criteria, implementation modality, and other related fora.
6. Urge *Article 5 countries* to implement a number of minimum viable conditions for achieving phase out, *inter alia* instituting appropriate legislation, establishing efficiently functioning steering or advisory committees to the NOU:s, actively seeking the implementation of decision 30/7 relating to the mandate of NOUs and the full support of central ministries such as Finance and Planning for the work of the NOUs.
7. ***Request the Secretariat as a matter of urgency to prepare for the Executive Committee at its 36th Meeting a road map for the implementation of decision 33/5, inter alia identifying the necessary actions required for full implementation of the framework, including an indicative timetable for this task which could be adopted in practice by Executive Committee, a methodology for demonstrating relevance of institutional strengthening activities, a review of the present organization of Executive Committee work and its supportive mechanisms, business plan guidelines and past decisions of the Executive Committee, so as to categorize those that may hamper the development of a country driven strategy or may cause inflexibility.***

COMMENTS FROM INDIA ON DOCUMENT NO. UNEP/OzL.Pro/ExCom/34/53 – STRATEGIC PLANNING: PROPOSALS ON IMPLEMENTING THE FRAMEWORK ON THE OBJECTIVE, PRIORITIES, PROBLEMS, AND MODALITIES FOR STRATEGIC PLANNING OF THE MULTILATERAL FUND IN THE COMPLIANCE PERIOD

Strategic planning of the Multilateral Fund provides an opportunity for Article 5 Countries to prepare its national sector strategy and Country Programme Update to meet the needs of the compliance period. The National Ozone Unit (NOU) should lead the preparation of the sector strategy and Country Programme Update. This exercise requires additional funding. The Executive Committee considered this issue along with the funding policies for projects submitted during compliance period by Article 5 Countries.

The current funding policy is determined by the need of developing country to achieve freeze and initial reduction targets. Funding was made available for individual projects as well as for sectoral phaseout projects. In the early period, it was assessed primarily on the impact of individual projects on freeze and reduction targets. At the same time, sectoral approach has also been considered and funded in some countries. In most of the countries individual projects and sector approach have enabled freeze and reduction targets.

All developing countries are trying to comply with the provisions of the Protocol. Each country is aiming to meet the freeze date and reduction targets as per schedule with adequate financial and technical assistance from the Multilateral Fund. The strategic planning of the Multilateral Fund as decided in 33rd meeting of the Executive Committee has to prioritize the activities and devise modalities for implementing these activities without any problem. The Executive Committee at its 33rd meeting based on the foam evaluation report decided to adopt policies on sustainable reduction from the base level by approved projects. Countries were also advised to give an undertaking in this effect. Even though it was not feasible to give an undertaking in all cases, Article 5 Countries, in order to get the approval for their projects, submitted the undertaking in the prescribed format.

Since the current policy has no direct linkage between the projects induced reduction on the consumption of concerned ODS and the national compliance target, it would not be helpful to achieve the objective of the fund.

In order to remove the inadequacy, the paper has proposed some adjustment such as commitment by the country to achieve sustainable permanent reduction in consumption and production. Modalities to implement the adjusted funding policy are outlined as:

1. Performance based substance-wide phaseout agreement
2. Funding of individual projects and sector phaseout plans based on national compliance strategy

In case of small country, the first option may be possible. However, the country should be given an opportunity to prepare the Country Programme Update. The current consumption given in the

CP Update should be treated as base line consumption data for performance based agreement. The second modality would be acceptable in case of large volume consuming countries.

The funding for individual projects should continue without any conditions such as to demonstrate its positions in the national compliance strategy and other indicators as given in para 21 of the document. Further, the methodology for demonstrating relevance of project to compliance would be very difficult to apply in the new project document. It is because the following reasons:

The current national consumption of ODS is calculated/estimated for submission to Ozone Secretariat under Article 7 provides the quantity of ODS available in the country for use of industry. At the same time, sectoral consumption data required by Multilateral Fund is estimated based on the actual consumption by existing industries. The existing industry includes ongoing projects, enterprises established after 25th July 1995, growth of enterprise established before 1995 but not funded by Multilateral Fund. The current consumption also includes the utilization of idle capacity of some industries. Since the sectoral consumption data includes some quantity, which are not eligible for Multilateral Fund funding, it would be difficult to commit a permanent reduction in that sector.

In order to avoid the complication, all countries should be encouraged to prepare national sector strategy and Country Programme Update. These documents should include full information on existing industry out of which industries and the quantities of ODS which are eligible for funding. The quantity given in the CP update should be taken as base line data.

The suggestion made in the paper for national responsibility for managing the ODS phaseout programme are acceptable subject to availability of adequate funding under Institutional Strengthening Project.

Some countries have developed their policies to control trade in ODS and to control and regulate ODS production and consumption policies are under implementation. The National Ozone Units in such cases are under tremendous pressure to implement the policies at national level. The implementation of policies requires adequate awareness creation among industries, government officials and general public. It requires adequate manpower and funds. With the present budgeted provision under ISP, it would be difficult to adopt any national policies to implement ODS phaseout programme in the compliance period. The Executive Committee under strategic planning should consider on priority for additional funding for Institutional Strengthening Project.

Japan's comments on UNEP/OzL.Pro/ExCom/34/53

Japan commends the Secretariat for the document, which, in its view, provides a useful basis for future work on strategic planning. In general, it can go along with the Secretariat's recommendations. It would like to make the following two specific comments relating to the document:

1. In the consideration of proposals on implementing the framework on the objective, priorities, problems and modalities for strategic planning of the Multilateral Fund in the compliance period, it will be worthwhile to note that the Executive Committee at its 34th Meeting approved the project entitled "Assistance for the implementation of strategic planning of the Multilateral Fund to promote compliance with the Montreal Protocol in the Asia and Pacific region" (Decision 34/26), which is a pilot project that is designed to support the development of national compliance strategy by government and national stakeholder in a selected Article 5 country through country consultations. The project will also assist Article 5 countries in identifying individualized help necessary for implementing the national compliance strategies and measures to strengthen national managerial capabilities. As a pilot project, lessons learned from it will be used to prepare additional projects to produce national compliance strategies in other Article 5 countries. The project is a concrete example of putting the framework the ExCom adopted at its 33rd Meeting in practice.
2. With request to Implementation modalities for the policy of greater emphasis on national management responsibility for ODS phase out programme: Linking funding of institutional strengthening to compliance needs (Para. 31-33), concrete types of additional measures to strengthen the national capacity for the management of ODS phase-out programmes should be identified.

P.S. With respect to the concept of the permanent aggregate national reductions in ODS consumption and production, the Government of Japan will submit additional comments at a later date.

Comment from Malaysia on Draft Framework on the Objective, Priorities, Problems and Modalities for Strategic Planning of the Multilateral Fund in the Compliance Period

Malaysia had earlier on 13 February 2001 commented on this draft framework and was pleased to note that it was adopted **as the basis for future work in strategic planning** at the 33rd Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol.

Malaysia wished to express its appreciation to the Multilateral Fund Secretariat for the excellent work done in the preparation of the Document UNEP/OzL.Pro/ExCom/34/53 following the request of the ExCom Decision 33/54.

There is no denial that Article 5 countries have entered the compliance period and a certain element of enforcement must be in place and that we must take note of all the lessons learned during the grace period. We must be ready to face new challenges if there is any and these challenges must be pragmatic and achievable to help Article 5 countries to achieve their obligations under the Montreal Protocol. However, before any changes can be introduced and implemented successfully, the concerns and fears of some of the Article 5 countries must be addressed first. In this respect, Malaysia believes that with the proper guidance given by the ExCom and the Multilateral Fund Secretariat, we should be on the right track.

Malaysia agreed that in order to ensure compliance of the commitment under the Montreal Protocol, a national compliance strategy with strong government involvement in the day to day operation of the strategy must be in place. There is a need for a paradigm shift in ODS phase out strategy. The national government should take a leading role in all aspects of compliance activities, of course with necessary technical assistance from external agencies if required and adequate funding must be provided. Article 5 countries' capacity must also be strengthened in order to enable them to manage the ODS phase out programmes efficiently together with the much-talk-about 'country-driven' approach mechanism.

On the issue of funding policy of the Multilateral Fund, with the shift in planning strategy to cater for more accountable and transparent phase out strategy (i.e. from project-by-project approach to sector approach or more comprehensively the performance-based substance-wide phase-out approach), funding policy and modality is expected to take an adjustment. It is Malaysia's sincere hope that the Secretariat of the Multilateral Fund when drafting the new funding policy and modality would give due considerations to the financial requirement of those Article 5 countries that have opted for this new strategy, and also their capacities in institutional strengthening.

On the methodology for demonstrating relevance of project to compliance as shown in the Table of the Document 34/53, the item '**Contribution of project: (F)**' needs explanation for better understanding of the subject. Maybe, a small explanatory note on all the items in the Table will be of great help to all parties concerned and any misunderstanding can be avoided.

On the issue of *sustained permanent aggregate reduction or national aggregate reduction of ODS consumption*, there seems to be confusion among parties. It is our hope that the Secretariat would use its experience to come out with a specific term or name with a clear definition to avoid future argument. Reliable and accurate data of ODS consumption do have serious bearing on the effectiveness of strategic planning. Most, if not all of the Article 5 countries do not have accurate and reliable data for ODS consumption. This deficiency must be arrested first before we can talk about **sustained permanent national aggregate reduction of ODS consumption**. Perhaps, one of the good way is to conduct a country programme update study and set the baseline for the level of national aggregates on ODS consumption.

Lastly, Malaysia wish to stress that many Article 5 countries may risk the danger of non-compliance after 2005 if pragmatic measure are not put in place for immediate actions from now. This strategic planning framework is one of the mechanism that can serve as a guide for Article 5 countries to achieve their obligations under the Montreal Protocol. Thailand and Malaysia have begun looking into the possibility of implementing one of the modalities in the proposed strategic planning.

Malaysia is in agreement with the proposed framework for strategic planning subjected to the above comments.

Dominican Republic Constituency: Mexico

**Executive Committee
Decision 34/66
STRATEGIC PLANNING**

INTRODUCTION

Base on the discussions an progress made during the 34th Executive Committee Meeting, we suggested during the discussions the imperious need of having a very simple document to proceed in the strategic planing process and discussions, since this will help Art. 5 countries to have a clear, simple document with a basic procedure to comply.

Having in mind the objective of the whole exercise of the Strategic Planing: Produce a clear and formal path for the countries to reflect the assistance received from the Multilateral Fund in their National Consumption, comply with the Montreal Protocol precepts and eventually eliminate the use of ODS.

Then Document UNEP/OzL.Pro/Excom/34/53 must be transform in a document that contains only clear principles as follows:

STRATEGIC PLANNING PROCESS

The process and the document to agree on must show four basic components:

- a. Agreed baseline consumption.
- b. Program to meet the National Targets
- c. Formal agreement from the Excom to endorse the National Programs
- d. Mechanism to ensure the compliance of the countries commitments and the MLF/EXCOM support.

Agreed Baseline

This component must be agreed with each country in order to met their needs, options:

- a. Recent year consumption
- b. Average of last years consumption
- c. Country Program Consumption (CP. Updated)
- d. Montreal Protocol's baseline
- e. Agreed figure between the Country and EXCOM

Independently of the option the important factor is that the baseline must be fully agreed by the country and must not be imposed.

This stage is the most important since the baseline will work as the fundamental starting point in which the countries commitment will be based.

As discussed the baseline must be flexible and be adapted to reality considering fluctuations on the consumption due to the factor already exposed in the discussions:

- ODS imports
- Stockpiling
- Illegal trade
- Natural sector growth
- Ongoing projects
- Etc.

This concepts must be properly accommodated in order to reflect the normal operation of any country.

National Program Targets

Once the baseline has been clearly defined, the country must present a Program to comply with agreed targets, selected by the country:

- a. National reduction by steps over a defined period of years
- b. National Consumption reduction against projects (individual or umbrella projects)
- c. Sector closures (terminal Sector projects)
- d. Other

This stage will depend very much on the advance and remaining or exiting sectors of each individual country.

The EXCOM must be very flexible in the program proposal, and the program must not be imposed, it should be a very well studied program coming from the country and realistic. It is necessary to stress at this stage that any program will be executable if does not have proper funding, since ODS consumption targets are directly linked with projects support.

Formal Agreement

Once the National Program has been produce, the EXCOM must evaluate the program proposing a fixed financial support, then the country must check the viability of activities with the proposed level of support.

At the end of this process the Excom and the country must formally agree a program with national targets (country) and the Excom must propose a fixed financial support in which both parties has mutual obligations:

- a. Country - ODS Targets
- b. EXCOM/MLF - Fixed Financial Support

Mechanism to ensure compliance

At this stage all parameter has been duly agreed between parties (EXCOM/MLF and Countries). Then in the new Strategic Planing - **Country Driven** scenario both EXCOM and Countries has clear obligations:

- a. Coutries- ODS Programmed Reductions
- b. EXCOM/MLF - Timely and Programmed Funding support

Then in case of non compliance:

- a. If there is no proper funding from MLF once agreed, the country is not obligated to comply with the program or targets, being the EXCOM responsible of disruptions and any possible additional ODS fluctuation due to the lack of support that in the future must be compensated.
- b. If the Country does not comply, then funding will cease until targets are fulfilled, having in mind possible extraordinary justifications of non-compliance (serious national economic crisis, etc.)

This simple four-stage process must be sufficient to discuss and negotiate on, rather than having lengthy papers that are difficult to understand, discuss and agree on.

Simple process:

- Baseline
- Targets
- Agreements
- Control

All issues fully negotiated and agreed with the countries.

Then any process on strategic planing must comply with the next characteristics:

- Clear
- Simple
- Short
- Operative

It is the time the countries show and reflect in their national consumption the support received from the MLF trough the Strategic Planing Process, but this exercises must be clear and fully understood by the countries and the whole concept must provide absolute equity.

Comments from the Netherlands on UNEP/OzL.Pro/ExCom/34/53

The Netherlands supports the 'comments by the Finnish delegation to the recommendation suggested on Strategy' as voiced during Excom 34 and distributed there in writing.

In particular we support point 7 made by Finland to request the Secretariat to prepare a road map for the implementation of the decision 33/54. We would like to add two elements to be included in that road map (or to be listed as separate recommendations):

- a draft terms of reference to be prepared by the secretariat and with a view to be adopted by Excom 36 for the review of the 'operating procedures and business practices' (as proposed by the secretariat in doc. 34/54 para 3c)
- an analysis, including options for alternatives, to be prepared by the secretariat and discussed by Excom 36 of the fixed target shares of the implementing agencies in relation to the country driven approach.

Finally a general request to be very clear about the meaning, role and use of the following terms to avoid any confusion: country programme updates, country compliance strategies, national compliance strategies, national phase out strategies, performance-based substance-wide national phase-out agreements, national phase-out programmes, ODS phase out programmes, and other related terms.

Comments from Poland on UNEP/OzL.Pro/ExCom/34/53

Thank you very much for giving me an opportunity to present comments on strategic planning and with respect to the document UNEP/OzL.Pro/ExCom/34/53, I propose as follows:

- in Para 20th put, after ... the Secretariat should work **with developing countries governments and the National Ozone Units** and the implementing agencies ...,
- in Para 30-33 speaking about national management responsibility it would be advisable to refer to tasks included in updated country programmes.

ANNEXE II

DOCUMENT RÉVISÉ UNEP/Ozl.Pro/ExCom/34/53



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COMITÉ EXÉCUTIF
DU FONDS MULTILATÉRAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTRÉAL
Trente-cinquième réunion
Montréal, 5-7 décembre 2001

**PLANIFICATION STRATÉGIQUE : PROPOSITIONS POUR LA MISE EN ŒUVRE
DU CADRE SUR LES OBJECTIFS, PRIORITÉS, PROBLÈMES ET MODALITÉS
POUR LA PLANIFICATION STRATÉGIQUE DU FONDS MULTILATÉRAL
PENDANT LA PÉRIODE DE CONFORMITÉ**

Introduction

1. Le cadre sur les objectifs, priorités, problèmes et modalités pour la planification stratégique du fonds multilatéral pendant la période de conformité adopté à la trente-troisième réunion du Comité exécutif inclut le concept du changement stratégique du Fonds qui passera d'une orientation sur les projets pendant la période de grâce à une orientation sur le pays pendant la période de conformité, et fait appel à un programme axé sur le pays et la conformité pendant la période de conformité (**cadre, modalités**). Il incombe maintenant au Comité exécutif de transformer cette directive en politique de financement, aux modalités de mise en œuvre et aux lignes directrices d'exploitation du Fonds multilatéral, et aux diverses institutions impliquées dans le fonctionnement du Fonds à les intégrer à leurs procédures d'exploitation.

2. Voilà le thème du présent document et des documents subséquents éventuels dans lesquels le Secrétariat mettra en œuvre la décision du Comité exécutif qui, entre autres, charge « le Secrétariat de préparer des propositions spéciales concernant les changements de procédures, de mécanismes de mise en œuvre et de modalités ». (**Décision 33/54**).

3. Le Secrétariat est pleinement conscient que les changements proposés visent le mode de financement d'une institution qui existe depuis plus de dix ans. Il propose donc d'utiliser l'approche suivante :

- a) Prendre appui sur l'infrastructure existante : Les changements ne seront apportés qu'à la suite d'un examen approfondi du système existant afin de relever les lacunes précises et de les corriger, et de rendre le fonctionnement du système plus efficace dans de nouvelles circonstances.
- b) Déterminer une période de transition appropriée : Comme les changements doivent être introduits de façon à ne pas perturber l'élan donné pendant la période de grâce, les partenaires devraient profiter du temps prévu qui sera mis à leur disposition pour prendre connaissance des changements et les mettre en œuvre.
- c) Mettre en œuvre les changements par étapes : Les politiques, les lignes directrices et les procédures d'exploitation du Fonds ont évolué au fil des ans pour former un tout organique, mais suivent néanmoins un ordre fondé sur la substance ou le besoin fonctionnel. À titre d'exemple, les politiques de financement déterminent la nature des modalités de mise en œuvre et les lignes directrices opérationnelles nécessaires au soutien des politiques, lesquelles déterminent les procédures d'exploitation à adopter. Voilà l'ordre dans lequel les composantes seront examinées et les changements apportés. Par conséquent, le présent document ne traitera pas des procédures d'exploitation et des pratiques commerciales telles que les indicateurs de rendement d'un plan d'activités. Par contre, ces éléments devront être examinés afin de déterminer s'ils demeurent pertinents en vertu des nouvelles politiques et modalités d'exploitation du Fonds.
- d) Rôle du présent document : Ce document se penchera sur les politiques de financement du Fonds multilatéral, proposera les changements nécessaires aux politiques et recommandera des modalités et des lignes directrices opérationnelles pour la mise en œuvre des changements de politique.

Politiques de financement du Fonds multilatéral

MISE EN ÉVIDENCE DE LA PERTINENCE DES PROJETS

- a) Politique de financement actuelle

4. La politique de financement d'une agence de financement est établie en fonction de l'objectif visé par l'agence. Ainsi, la politique de financement du Fonds multilatéral pendant la période de grâce a été établie selon son objectif de maximiser les quantités de SAO à éliminer à l'échelle mondiale avec les ressources dont il dispose en tenant compte du besoin de faire une percée significative dans tous les secteurs d'activités. La politique de financement du Fonds, surtout au cours des premières années de son existence, mettait surtout l'accent sur les incidences

des différents projets mesurées en fonction du nombre de tonnes PAO éliminées dans le cadre du projet

5. De plus, dès les débuts du Fonds, la plupart des propositions de projet ont présenté une courte description du contexte sectoriel du projet qui comprenait généralement la consommation totale de la substance réglementée dans le secteur et parfois une liste des projets ayant déjà reçu un appui financier. Au cours des dernières années, surtout depuis 1996, en réponse à une décision du Comité exécutif, l'explication du contexte sectoriel est devenue plus exhaustive et a commencé à faire état des incidences du projet proposé sur l'élimination totale du CFC dans le pays concerné. Cependant, cette présentation consistait surtout en un énoncé général à l'effet que le projet contribuerait à la réalisation des obligations afin de respecter l'échéance,

6. Cette politique de financement qui met l'accent sur les incidences des différents projets indépendamment des objectifs nationaux de conformité a été acceptée pendant la période de grâce car l'échéance de la première étape de réduction se situait souvent plusieurs années plus tard. La référence au contexte sectoriel s'est avérée très utile car elle a permis de comprendre la situation sectorielle des projets dans les premiers jours et a sensibilisé les pays visés à l'article 5 à la prochaine date butoir grâce à l'énoncé sur les incidences sur le respect de l'échéance.

b) Lacunes de la politique de financement actuelle pendant la période de conformité

7. En vertu de la politique de financement actuelle, les décisions relatives au financement sont surtout prises en fonction des incidences des différents projets. La référence à la pertinence dans le contexte sectoriel et, plus tard, à la pertinence quant au respect de l'échéance pour le CFC, ont été adoptées pour la forme. Aucune tentative de mettre en évidence les incidences du projet proposé sur la consommation sectorielle en soustrayant la réduction associée au projet de la consommation sectorielle ni de mettre en évidence les incidences d'une réduction financée sur les objectifs nationaux relatifs à l'échéance en soustrayant la réduction associée au projet du taux de consommation national de la substance n'a été faite jusqu'à l'adoption de la décision 33 /2 à la dernière réunion.

8. En conséquence, les exigences actuelles en matière de financement permettent l'approbation de projets nonobstant l'obligation de rendre compte de leurs incidences sur la consommation dans le secteur d'activités concerné. Par conséquent, il y a eu plusieurs cas où l'élimination totale financée par le Fonds multilatéral dans un secteur d'activités d'un pays donné a dépassé de loin la consommation rapportée pour ce secteur d'activités et pourtant, le pays continue de présenter des demandes pour ce même secteur.

9. Il est évident que l'assistance du Fonds multilatéral a apporté une contribution importante à l'élimination des SAO dans les pays visés à l'article 5 et à leur capacité de respecter non seulement le gel de la consommation de CFC mais, dans de nombreux cas, à réaliser à l'avance la réduction de 50 % prévue. L'absence d'un lien direct entre la réduction découlant du projet et la consommation de la substance réglementée visée qui sert à établir la conformité nationale reste cependant une des faiblesses de la politique actuelle. Cette situation élimine complètement toute possibilité d'évaluer la pertinence du financement par rapport au niveau de conformité nationale ce qui, selon l'article 10 du Protocole, est l'objet du Fonds.

10. Ces conséquences de ces lacunes de la politique de financement actuelle pourraient avoir des effets néfastes sur la capacité du Fonds à atteindre son objectif d'aider les pays visés à l'article 5 à adopter des dates précises de conformité et augmente le risque d'affecter des fonds à des secteurs dont le besoin de conformité est moins pressant.

c) Modification de la politique actuelle

11. Souligner les incidences des différents projets a grandement aidé le Fonds à réaliser son objectif de maximiser la réduction de SAO dans les pays visés à l'article 5 pendant la période de grâce. Par contre, conscient que les pays visés à l'article 5 seraient tous contraints de respecter l'échéance en même temps, le Comité exécutif a éprouvé le besoin de modifier l'objet du Fonds afin d'aider les pays visés à l'article 5 à respecter les échéances par étapes et à dates fixes. Cette modification a exigé une modification de l'orientation de la politique de financement qui insiste moins sur les incidences des différents projets et plus sur la pertinence manifeste de ces projets par rapport aux échéances. La pertinence manifeste par rapport aux échéances, qui se distingue de la pratique actuelle, constitue l'élément clé de cette modification car, comme l'indique le cadre de planification stratégique convenu à la dernière réunion, « le financement doit être basé sur l'engagement du pays à réaliser des réductions cumulatives, conséquentes et permanentes en matière de consommation et de production. » (**Cadre, modalités**)

12. La pertinence manifeste par rapport aux échéances est définie comme un lien direct et, le cas échéant, quantifiable entre les activités financées et l'échéance particulière du Protocole de Montréal à respecter.

d) Modalités d'application de la politique de financement modifiée

13. Il pourrait y avoir deux modalités pour l'application de la politique de financement modifiée visant à assurer la pertinence manifeste par rapport aux échéances qui varieraient selon la préférence et l'état de préparation du pays concerné : le financement d'accords d'élimination de groupe fondés sur les résultats et le financement de projets individuels ou de plans sectoriels indépendants fondés sur des stratégies d'élimination nationales. Ces deux modalités sont présentées en détail dans les prochains paragraphes.

[i) Accords d'élimination par substance fondés sur les résultats

14. Portée : L'accord de groupe portera sur la consommation totale restante de la substance réglementée (p. ex, les halons, les CFC) dans tous les secteurs où elle est utilisée au pays. L'accord pourrait proposer plus d'une stratégie, selon la consommation résiduelle dans chacun des secteurs ou encore, l'accord pourrait faire partie d'un plan de gestion des frigorigènes, lorsque la consommation résiduelle se limite uniquement au secteur de l'entretien de l'équipement de réfrigération, comme en fait état la décision 31/48, ce qui est habituellement le cas vers la fin des projets d'élimination des CFC dans les secteurs manufacturiers.

15. Caractéristiques : Un accord de groupe fondé sur les résultats doit comprendre un plan d'action et un échéancier de mise en œuvre d'activités bien coordonnées entre l'industrie et le

gouvernement, un niveau de financement convenu avec le Comité exécutif, un calendrier de décaissement par le Fonds multilatéral établi en fonction des objectifs nationaux d'élimination des SAO et un cadre de gestion national visant à assurer la réalisation des objectifs de l'accord.

16. Avantages : L'accord proposé offrirait les meilleures chances possibles de mettre en œuvre la politique de financement de la pertinence manifeste par rapport aux échéances car le financement serait lié à des objectifs de conformité précisés dans l'accord (selon le Protocole de Montréal ou l'échéancier d'élimination accéléré que préfère le pays) et le décaissement des fonds serait lié à la réalisation de certains résultats.

17. Cet accord offrirait une autre solution au processus de proposition et d'acceptation de projets individuels, qui peut parfois s'avérer assez lourd. Il offre aussi une assurance de financement prévisible de la part du Fonds multilatéral pendant une période donnée et donnerait au pays concerné la souplesse nécessaire pour utiliser les sommes pour mettre en œuvre les activités qui contribuent à la réalisation des objectifs de l'accord.

18. Expérience à ce jour : La modalité a été appliquée à l'élimination des SAO dans les secteurs de la production et autres, et a été conforme jusqu'à un certain point au financement de PGF dans les pays à faible volume de consommation. Les accords sectoriels approuvés à ce jour sont en voie de mise en œuvre comme prévu. Par contre, la plupart d'entre eux ont été préparés et négociés cas par cas pendant longtemps.]

19. Lignes directrices opérationnelles : Il faut maintenant examiner le besoin d'établir des lignes directrices modèles fondées sur l'expérience du Fonds multilatéral afin de préparer, de mettre en œuvre et de gérer ces accords au cas où cette modalité gagnerait en popularité.

20. Prochaines étapes recommandées : Il est recommandé que le Secrétariat travaille avec les pays visés à l'article 5, les institutions bilatérales et les agences d'exécution à l'élaboration d'un projet de lignes directrices pour la préparation, la mise en œuvre et la gestion des accords d'élimination générale par substance fondés sur les résultats afin d'aider les pays qui sont prêts à adopter un tel type d'accord.

- ii) Financement des projets individuels (y compris les projets parapluie ou les projets d'élimination en phase finale) et des projets d'élimination sectorielle indépendants fondés sur des stratégies de conformité nationales

21. La modalité actuelle de financement des projets individuels peut continuer à s'appliquer. Cependant, ce financement doit devenir conditionnel à la mise en évidence de la position actuelle du pays par rapport à sa stratégie d'élimination de la substance réglementée concernée, qui précise :

- a) Les conséquences du projet proposé sur l'échéance visée (par exemple le gel de la consommation de CFC, la réduction de 50 % en 2005 et autres objectifs);
- b) les incidences des projets en cours sur le solde d'un niveau de consommation de la substance à déterminer par le Comité exécutif dans l'examen du solde de la

consommation de SAO admissible aux fins de financement et sur le niveau de consommation obligatoire pour assurer la conformité à l'objectif;

- c) les incidences du projet proposé sur la consommation nationale restante de la ou des substances visées.

22. Les mêmes exigences devraient être appliquées aux plans d'élimination sectorielle indépendants. Ces plans peuvent comprendre la consommation totale de la substance réglementée visée, un plan d'action de la part de l'industrie et du gouvernement, un niveau de financement convenu et un calendrier de décaissement, comme dans le cas d'un accord sur la substance. Comme les substances réglementées peuvent être utilisées dans plus d'un secteur, il est important de déterminer les incidences directes d'un tel projet sur les objectifs nationaux en matière de conformité pour la substance réglementée concernée.

23. Avantages : La mise en contexte obligatoire des demandes de financement par rapport à une stratégie nationale de conformité permet de déterminer les incidences du financement sur l'objectif de conformité visé et d'évaluer l'urgence de la demande et, du même fait, la priorité en matière de financement. Financer des projets en fonction de la stratégie nationale de conformité donne au gouvernement la possibilité d'adapter le rythme de l'élimination en fonction de l'offre et de la demande intérieure de la substance et l'état de préparation des consommateurs. Les étapes d'analyse de la pertinence manifeste par rapport aux échéances proposées dans le tableau ci-dessus compenseront les lacunes de la politique de financement actuelle qui n'établit aucun lien entre les incidences du projet et la conformité du pays. Ces étapes sont également proposées dans le projet de lignes directrices pour la préparation des mises à jour de programmes de pays. Les lignes directrices proposées ont pour but d'aider les pays à préparer leurs stratégies nationales de conformité.

24. Lignes directrices opérationnelles : Les lignes directrices pour la préparation des mises à jour des programmes de pays proposées par le Secrétariat à la trente-quatrième réunion du Comité exécutif pourraient servir de lignes directrices opérationnelles pour la préparation des stratégies nationales de conformité. Le Comité exécutif en a pris note et a décidé que « les mises à jour des programmes de pays et des plans de gestion des frigorigènes peuvent fournir aux pays visés à l'article 5 un mécanisme utile pour les stratégies nationales d'élimination et d'encourager les pays visés à l'article 5 à profiter de cette possibilité. » **(Décision 33/54)**

25. Il est recommandé qu'en attendant la préparation de ces stratégies, le contexte sectoriel actuellement présenté dans les documents de projet soit révisé afin de comprendre une analyse de la pertinence manifeste du financement demandé par rapport aux échéances.

IMPORTANCE DE LA RESPONSABILITÉ NATIONALE DANS LA GESTION DU PROGRAMME D'ÉLIMINATION DES SAO

- a) Lacunes de la politique actuelle pendant la période de conformité

26. La propriété du projet était facile à établir pendant la période de grâce où la mise en œuvre des programmes de SAO s'intéressait davantage au travail associé au projet car les

entreprises visées par les projets étaient clairement identifiées et elles étaient responsables de la gestion du projet. La mise en œuvre de projets, surtout les projets d'investissement, portait surtout sur la prestation des facteurs de production comme le recrutement des consultants à court terme ainsi que l'achat et la livraison d'équipement. Ces deux procédés étaient autonomes et pouvaient être dirigés de l'extérieur, même sans la forte participation du gouvernement national.

27. En revanche, au cours de la période de conformité, la modalité de mise en œuvre favorisera de plus en plus les approches globales comme les accords de groupe ou sectoriels. Bien que les modes d'intervention actuels permettent encore la proposition de projets individuels, les politiques gouvernementales d'encouragement ou de découragement deviendraient un mode d'intervention significatif. Autrement dit, ce seraient de plus en plus les gouvernements, plutôt que les individus et les entreprises, qui seraient responsables des projets et qui mobiliseraient et coordonneraient les différentes composantes de tous les projets afin d'atteindre leur objectif national de conformité.

28. La plupart des activités envisagées dans le cadre de stratégies nationales de conformité exigeront la collaboration quotidienne des intervenants nationaux pendant une période assez longue. À titre d'exemple, l'adoption par le gouvernement d'un système d'octroi de permis réglementant l'importation de SAO et d'équipement à base de SAO n'est que le début. La mise en œuvre et la mise en application du système exigeront la création d'un registre national des importateurs et des utilisateurs de SAO, l'émission de permis annuels selon les niveaux autorisés de consommation résiduelle, la surveillance de la mise en œuvre, le règlement des infractions, etc. Ces mesures ne peuvent pas être exécutées par des consultants contractés à court terme car elles exigent une participation à long terme du gouvernement dans la gestion quotidienne de la stratégie nationale de conformité.

b) Modification de la politique nationale de responsabilité nationale

29. Le changement d'orientation de la prestation des projets individuels pendant la période de grâce à la réalisation des objectifs de conformité entraînera le réalignement des responsabilités de gestion du programme national d'élimination entre le gouvernement national et les agents de l'extérieur. « Au cours de la période de grâce, le rôle du pays ne se limitera pas à approuver la proposition de projets au Comité exécutif. Au cours de cette période, le pays doit fixer et élaborer les objectifs, les politiques et les mesures nécessaires pour assurer la conformité et instruire les agences à travailler dans certains secteurs d'activités donnés afin de réaliser son plan stratégique national de conformité. » (**Cadre et modalités**) En conséquence, le Fonds multilatéral doit mettre l'accent sur la responsabilité des autorités nationales en matière de gestion afin de permettre aux gouvernements d'être responsables de la planification, de la mise en œuvre et de l'affectation des ressources approuvées pour les activités nécessaires à la réalisation de la conformité.

c) Modalités de mise en œuvre de la politique de l'importance accrue de la responsabilité des autorités nationales en matière de gestion dans le cadre du programme d'élimination des SAO : lien entre le financement du renforcement des institutions et les besoins en matière de conformité

30. L'expansion des responsabilités nationales d'appui aux projets et aux programmes, qui comprennent dorénavant la responsabilité générale de la gestion des projets qui permettront de réaliser les objectifs de conformité, exige l'amélioration des capacités de gestion des autorités nationales. Le Comité exécutif en est conscient, comme il en fait foi en disant que « la capacité des gouvernements des pays visés à l'article 5 doit être optimisée afin que ceux-ci puissent planifier et gérer leurs programmes nationaux d'élimination des SAO. L'évaluation du renforcement des institutions doit entrer en ligne de compte dans cet exercice. » (**Cadre et modalités**)

31. L'établissement et le maintien d'une capacité nationale de gestion des programmes d'élimination des SAO sont actuellement financés dans le cadre des projets de renforcement des institutions ou, dans quelques cas, dans le cadre de mesures supplémentaires prises avec une ou plusieurs agences d'exécution. Par contre, ces capacités auront besoin d'être renforcées à leur tour afin de respecter les politiques modifiées du Fonds qui exigent une plus grande responsabilité de la part des gouvernements dans la mise en œuvre des programmes nationaux d'élimination. À titre d'exemple, les Centres nationaux de l'ozone financés dans le cadre de projets de renforcement des institutions pourraient accepter une plus grande part de responsabilité dans la gestion efficace des projets comportant plusieurs volets. Cette responsabilité accrue exigerait un examen des modalités actuelles de financement des projets de renforcement des institutions afin de déterminer s'il faut continuer à les financer comme projets indépendants ou s'il faut plutôt les intégrer aux accords sectoriels et sur les substances.

32. La modalité de lier le financement des projets de renforcement des institutions aux besoins de conformité et leurs conséquences devrait être examinée dans le contexte de la révision des lignes directrices sur le financement des projets de renforcement des institutions et à la lumière de la politique modifiée du Fonds qui augmente le niveau de responsabilité des gouvernements à l'égard des programmes nationaux d'élimination. L'examen doit aussi tenir compte des résultats de la récente évaluation des projets de renforcement des institutions, des critères de financement, des modalités de mise en œuvre et des autres facteurs connexes.

Recommandations

Le Secrétariat recommande que le Comité exécutif soit invité:

1. À adopter les politiques de financement modifiées du Fonds multilatéral afin de souligner a) la responsabilité accrue des gouvernements dans la gestion des programmes nationaux d'élimination et b) la pertinence manifeste des projets définie comme un lien direct et, le cas échéant, quantifiable entre les activités financées et l'échéance particulière du Protocole de Montréal à respecter.;
2. À adopter le projet de lignes directrices pour la préparation des mises à jour des programmes de pays afin d'offrir une orientation pour l'élaboration de stratégies nationales de conformité;

3. En attendant la préparation des stratégies nationales de conformité, à adopter la méthodologie pour la mise en évidence de la pertinence du projet par rapport aux échéances, telle qu'elle est décrite au paragraphe 21 du présent document et à demander qu'elle soit incluse dans toutes les propositions de projet présentées en 2002;
4. À demander au Secrétariat de travailler de concert avec les membres du Comité exécutif, les institutions bilatérales et les agences d'exécution en vue d'élaborer un projet de lignes directrices pour la préparation, la mise en œuvre et la gestion d'accords d'élimination dénérale par substances fondés sur les résultats;
5. À demander au Secrétariat, en coopération avec les membres du Comité exécutif et les agences d'exécution, de réviser le projet de lignes directrices pour le financement des projets de renforcement des institutions en fonction de la politique de financement modifiée du Fonds multilatéral qui confère une plus grande responsabilité aux gouvernements dans leurs programmes nationaux d'élimination, afin de resserrer les liens entre les projets de renforcement des institutions et les besoins des pays pour réaliser la conformité. L'examen devrait tenir compte des résultats de la récente évaluation des projets de renforcement des institutions, des critères de financement, des modalités de mise en œuvre et de la volonté du Comité exécutif d'envisager un financement supplémentaire pour des projets de renforcement des institutions, de manière à permettre aux gouvernements des pays visés à l'article 5 d'assumer de plus grandes responsabilités;
6. À prendre note de l'approche proposée par le Secrétariat pour la mise en oeuvre de la décision 33/54, décrite en détail au paragraphe 3 de la décision 34/53, et à charger le Secrétariat de préparer, de manière urgente et en suivant cette approche, un calendrier indicatif d'une telle tâche, à l'intention du Comité exécutif à sa 36^e réunion.
