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执行蒙特利尔议定书
多边基金执行委员会
第六十六次会议
2012 年 4 月 16 日至 20 日，蒙特利尔

就关于多年期协定项目评价案头研究所收到评论和答复的汇编（第 65/7 号决定）

背景

1. 执行委员会在第 65/7 号决定中请高级监测和评价干事“汇编对[关于多年期协定评价的]案头研究提出的评论、意见和任何回应，作为附件随同在必要情况下作出的更正提出，供执行委员会第六十六次会议进一步审议”。

2. 本文件包括两个附件：附件一——向各双边和执行机构散发第一稿后收到的评论和答复；附件二——阿根廷和联合王国的赞助者在闭会期间讨论中收到的评论和答复。答复来自起草案头研究的顾问和高级监测和评价干事。

3. 如果执行委员会认为必要，高级监测和评价干事可编制 UNEP/OzL.Pro/ExCom/65/9 号文件的增编，由秘书处印发。

建议

4. 谨建议执行委员会 注意到 UNEP/OzL.Pro/ExCom/66/13 号文件所载就多年期协定项目评价案头研究所收到的评论和答复，以及高级监测和评价干事将视需要印发关于案头研究的 UNEP/OzL.Pro/ExCom/65/9 号文件的增编。

Annex I

COMMENTS AND RESPONSES RECEIVED FOLLOWING THE DISSEMINATION OF THE FIRST DRAFT TO THE BILATERAL AND IMPLEMENTING AGENCIES

Bilateral agencies

I. Canada

1. **Comment**: Given that an evaluation of terminal phase-out management plans (TPMPs) was completed only a couple of years ago, my understanding had been that this study and follow-up evaluation would focus only on non-low-volume-consuming (non-LVC) countries, but I see that a number of LVC countries have been included in the sample. I think the main focus at this stage should be non-LVC countries; however, if LVC countries are included, it would be important to explain how the evaluation would provide additional findings or cover new issues with respect to LVC countries, in light of the relatively recent evaluation conducted.

2. I also think it would be useful, whether in the desk study, or final evaluation, to provide more context regarding the evolution of the multi-year agreement (MYA) modality within the Multilateral Fund.

3. **Answer**: It will be taken into account and included in the final report.

ISSUE

4. **Page 3 (Findings of the study), paragraph 2**: "The main cause for delayed submissions was the slow rate of disbursement of the existing tranches. Nevertheless, in almost all cases, the agencies indicated that these delays had no negative impact on compliance because the countries had an operational licensing system that ensured compliance."

5. **Comment**: This raises the question of what were the causes for the slow rate of disbursement. This could perhaps be addressed briefly here.

6. **Answer**: The causes of slow disbursements are indicated in Annex 10. Mainly, they are related to the insufficient progress in implementation and availability of resources from earlier approved tranches.

ISSUE

7. **Page 4, (Issues for investigation during phase II of the evaluation), paragraph 4**

8. **Comment**: A key issue missing, in my view, is an assessment of the direct contribution to phase-out of all key MYA activities (i.e. including R&R and training, and when applicable, investment projects). Why limit the review to the effectiveness of the incentive schemes and licensing systems, when R&R and training typically form such large components of MYAs? On a related note, it would be interesting to see the relative cost of key MYA components overall in percentage terms – this would help to determine which components need to be examined more closely in light of their financial weight.

9. **Answer:** To be taken into account in the final evaluation report.

ISSUE

10. **Page 4, paragraph 5 (e) Issues related to the implementation and functioning of licensing and permit systems**

11. **Comment**: If the Executive Committee agrees to approve a separate evaluation of licensing systems, it will be important to explain how this element of the MYA evaluation will differ or complement the other evaluation (or vice versa).

12. **Answer:** We know now that the Executive Committee decided to recommend against an evaluation of licensing systems.

ISSUE

13. **Page 16, paragraph 67**: "The decreasing ratio of the non-compliance cases can be related to the effectiveness of the MYAs in assisting countries to achieve their objectives. The agreements became a predominant funding tool of the Multilateral Fund by the end of the 1990's while the first compliance target for the Article 5 countries under the Montreal Protocol was the freeze of the consumption of CFCs in 1999. It was only natural that it would take a couple of years before the MYA impact on countries' ability to comply with the reduction targets would be visible."

14. **Comment**: While it would be nice to think so, one cannot necessarily make this conclusion without further investigation. Could the decreasing ratio of non-compliance be associated with more countries adopting legislation, less new-comers adhering to the Montreal Protocol over time, increased awareness of the Montreal Protocol obligations among governments, etc..

15. **Answer:** Further analysis to be made during the evaluation

ISSUE

16. **Page 17, Paragraph 74**: "Since the MYAs became the predominant funding modality, access to funding seems to have become a non-issue for the Executive Committee. Starting 2001 records of the Implementation Committee and the Meetings of the Parties do not to include cases where countries justify their non-compliance by difficulties in accessing funds."

17. **Comment**: I believe the access to funding issue, which affected mostly LVC countries, was more resolved by decisions clearly allowing funding for the preparation and implementation of refrigerant management plans (RMPs) (late 1990s) and RMP update (2000). However, it would be important to consider to what extent the RMP modality itself influenced the nature and development of MYAs for larger countries, as the RMP was the first project modality to incorporate commitments by recipient countries to meet overall consumption Montreal Protocol targets (see decision 31/48). Interestingly, the MYAs for non-LVC countries then later influenced the shape of MYAs for LVC countries (i.e. the TPMPs – decision 45/54).

18. **Answer**: We agree that approvals of RMPs were a critical step in assisting LVC countries and some non-LVC countries prior to MYAs. The influences of RMPs and MYAs for non-LVC countries will be further analysed in the final report.

ISSUE

19. **Page 19, paragraph 83**: "In general, the MYAs achieve better cost-effectiveness than the cost-effectiveness thresholds that were approved at the 16th meeting of the Executive Committee in 1995 and the advantage of the MYAs in many cases is significant. For instance, the actual cost-effectiveness value of the MYAs for domestic refrigeration sub-sector is US $6.67, while the value in the 1995 decision is US $13.76; for foam in the general category the comparison is US $4.91 for the actual of MYAs, against US $9.53 for the value in the decision (The cost-effectiveness thresholds approved at the 16th meeting are provided in Annex III).The values from the 16th meeting do not include methyl bromide since these projects were not funded at the time."

20. **Comments**: I think it would be important to explain that MYAs for non-LVC countries began to be approved when most of the manufacturing in the countries concerned had been approved for phase-out – thus the main sector addressed by these MYAs was the servicing sector. In the servicing sector, there were no cost-effectiveness thresholds. Over time, taking into account funding negotiated for some of the first MYAs (Malaysia, Thailand, Turkey), an understanding was reached where funding for the servicing sector in non-LVC countries would be provided on the basis of US $5/kg, plus a PMU (it would be important to get feedback here from key Secretariat officials on how the US $5/kg evolved and was applied). Consequently, comparing the c/e of MYAs with the c/e of thresholds or c/e of stand-alone investment projects is a little like comparing apples and oranges. If done, important qualifiers need to be made.

21. **Answer**: To be taken into account in the final evaluation.

ISSUE

22. **Page 6 Paragraph 21**: "There seems to be considerable discrepancy in accounting the targeted impact of MYAs in relation to the Article 7 data. This is shown in the starting point level of ODS phase-out of the MYAs against the reported ODS consumption under Article 7 of the Montreal Protocol in the first year of the MYA and the cumulative phase-out level of the MYAs against the cumulative reported consumption under Article 7 of the Montreal Protocol".

23. **Comment**: Is there really a discrepancy? Again, the Secretariat could help here, but it is important to consider that the targets, and consequently reported impacts of most MYAs, were based on the Montreal Protocol targets. Hence, if a country's CFC baseline under the Montreal Protocol was X, it was often agreed that X would be the target for each year (or at least some years) between the time approval and the 2005 50% reduction, recognizing that countries may very well consume less than the maximum allowed under the Montreal Protocol (and the agreements), but that they could consume to these maximums should they wish to do so. In most cases, countries ended up consuming less CFCs than the maximums allowed under the Montreal Protocol or their MYAs – however, the practice has been to account for the reductions that would have taken place should countries have consumed up to their MYA targets. The issue here may be less one of discrepancy, but of accounting for phase-out under the Multilateral Fund; i.e. should we be counting phase-out of consumption which never took place under the progress reports?

24. **Answer**: The forecasted MYA stating point determines overall ODS phase out target and subsequently the level of MYA funding. The inflated starting point (resulting in discrepancy with actual Article 7 data for the same year) may cause overfunding in one country leading to inequality in allocation of resources (see paragraph 62).

25. The difference in MYA targets (allowable consumption) and actual Article 7 data because of faster rate of phase out in the country is indeed the issue of accounting as indicated in the last sentence of PC14 comments.

ISSUE

26. **Page 21, paragraph 93**: "Considering that the MYAs have a minimum a life of five years and that the total level of funding was determined at the time of their approval, it is a significant achievement that the budgets have proved to be sufficient to accomplish the tasks designed. Two factors could have contributed to the sufficient budgeting of the MYAs."

27. **Comment**: It would be interesting to examine the extent to which some MYAs may have been over-funded, or if one prefers, funded to an extent which resulted in funds being available to undertaken activities not originally envisaged; i.e. see China foam and solvent sector plans, Brazil MYA where the Executive Committee agreed that funds could be re-directed towards disposal activities, Indonesia where it was agreed that funds could be re-directed to assist enterprises established before the cut-off date (around 51st meeting I believe).

28. **Answer**: Such assessment is proposed to be conducted in Argentina, Brazil, India, Indonesia (see paragraph 22).

ISSUE

29. **Page 7, paragraph 26**: "Provisions have been included into the HCFC agreement which require that "Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan" (paragraph 7 of the Agreement). This intends to manage the unknown factors associated with HCFC phase-out funding in the current stage. It could, however, increase the burden of expenditure for monitoring of MYA tranches. For instance it may require collecting data on individual projects to know the planned and actual technology applied and cost incurred. Since some of substitute technologies are going through a development cycle, the HCFC phase-out plans may catch the higher end of the cost cycle and result in budget shortfalls. There may need further consideration of the issues associated with the uncertainties of the funding of HCFC MYAs."

30. **Comment**: Not sure I understand why returning any unused remaining funds would increase the monitoring burden. The agencies always have to keep track of how much funds are disbursed and, even under stand-alone projects, they would have to return any unused funds.

31. **Answer**: To be explained or amended in the final report.

ISSUE

32. **Page 24, paragraph 109**: "All 32 countries in the sample reported requirements of permits for import of bulk effective licensing system, however, requires quotas to restrict ODS imports, procedures for an equitable quota allocation system. Twenty-nine countries reported that the quota system for import of bulk ODSs was in place."

33. **Comment**: Argentina does have a licensing system for the import/export of bulk ODS. I am not sure if the issue here is that they did not inform the evaluation team that they have one, or if there is an error.

34. **Answer**: It was not reflected in the last Argentina country programme report. If the legislation is in place, the sentence should be deleted.

ISSUE

35. **Page 25, paragraph 113**: "For the same sample, the study examined the duration between the approval of MYAs and the time a country introduced its ODS import licensing system, using the approval of the MYAs as a point of reference. The conclusion is that duration varies between -12 to 5 years, which means that 75% of countries had licensing systems in place prior to the approval of MYA, with some countries having such systems in place as much as 12 years preceding MYA approval as a result of institutional and technical assistance projects. 25 per cent of countries did not have these systems until 5 years after the approval of their MYAs."

36. **Comment**: I doubt that 12 years before the approval of MYAs, i.e. in the late 1980s or early 1990s, 75% of Article 5 countries had licensing systems in place. I think what is meant here is that 75% of countries had licensing systems in place prior to the approval of MYA, with one country (or some countries) having such systems in place as much as 12 years preceding MYA approval?

37. **Answer**: This is correct. Paragraph 113 is corrected accordingly

ISSUE

38. **Page 10, paragraph 43**: "56.8 per cent of deferred tranches is a high percentage. Most of deferred tranches resulted from delayed actions and management drawbacks of implementing agencies. The main cause for delayed submission was the slow rate of disbursement of the existing tranches. In the course of preparation of the consolidated progress report the Secretariat asked implementing agencies if slow disbursement or implementation would have an impact on the country's ability to comply with the phase-out. In almost all cases, the agencies indicated that these delays would have no negative impact on compliance. The reason was that the respective country had an operational licensing system that should ensure compliance; and that it had already phased out consumption and had not received any imports for over a year.[1] The remaining 13 delayed tranches have not been spent for the implementation CFC NPPs and TPMPs but were integrated into HPMPs confirmed the implementing agencies' conclusion."

39. **Comment**: This raises the question of the direct contribution of MYAs to compliance. Is it the incentive that they provide to governments to enact and enforce legislation which ensures compliance or the activities conducted under the MYAs themselves? If the activities are not absolutely necessary to ensure compliance, what are their values? Maybe just reducing the negative economic impact compliance can have on the refrigeration servicing sector?

40. **Answer**: The future evaluation team may include interviews with implementing agencies and countries concerned to clarify this issue.

ISSUE:

41. **Page 11, paragraph 44**: "The internal procedures of implementing agencies as well as the requirements for some institutional arrangements can be too complex for recipient countries and can cause delays as indicated in paragraph 1 of Annex XIII. The implementing agencies should be more selective in formulation such requirements in addressing HCFC phase-out in Article 5 countries."

[1] UNEP/OzL.Pro/ExCom/58/10

42. **Comment**: Maybe, but this does not flow as a conclusion from what is above. Some justification for this statement would be helpful.

43. **Answer**: Annex XIII – Examples of institutional set up shows several examples. More analysis will be included in the final report.

ISSUE

44. **Page 30, paragraph 143**: "The quality of reports to the Executive Committee depends on the quality of data provided to implementing agencies through monitoring systems established in Article 5 countries. As mentioned before, monitoring and reporting in TPMPs is the responsibility of NOUs with assistance from local and international experts. Data reported under TPMPs is similar to data reported by NOUs under RMPs and institutional strengthening projects. "

45. **Comment**: Note that under TPMPs, up to 20% of the budget was supposed to be used for monitoring and reporting. If TPMPs are included in the evaluation, it would be useful to confirm the extent to which this was applied and whether it has allowed meaningful, timely and comprehensive monitoring and reporting or not.

46. **Answer**: It should be included into agenda of the future evaluation team.

II. AUSTRALIA

47. I think phase 1 of the evaluation is useful and has brought up some interesting points. I do not necessarily agree with all the conclusions drawn but a little disagreement isn't always a bad thing. I suspect some of the conclusions reflect the limitations of the desktop study and will be refined by country visits, assuming a range of contributors are interviewed. Some points to consider:

ISSUE

48. **Comment**: It would be useful to get more information on reasons for delays in introducing licensing systems, including whether other mechanisms were used and what impact this had on compliance. I note that the report suggests that 75% of countries had licensing systems in place 12 years before the MYA, while the other 25% put theirs in place 5 years after. Intuitively this is incorrect.

49. **Answer**: The future evaluation might find answers to these questions. The second sentence in paragraph 113 actually should read: "The conclusion is that duration varies between -12 to 5 years, which means that 75% of countries had licensing systems in place prior to the approval of MYA, with some countries having such systems in place as much as 12 years preceding MYA approval."

ISSUE

50. **Page 5, paragraph 12**: "Out of 160 MYAs, only four non-compliance cases were recorded in relation to allowable consumption. Two of these cases are the ODS producing countriesIndia and the Bolivarian Republic of Venezuela, where national consumption was determined by accounting for exports of stockpiled CFCs."

51. **Comment**: I am unsure of the meaning of the second sentence in paragraph 32.

52. **Answer**: Four countries exceeded phase out targets established in respective agreements i.e. "allowable consumption", and penalties as foreseen in agreements were applied accordingly.

ISSUE

53. **Page 17, paragraph 77**: "The study reviewed the records of Article 5 countries on reporting data under Article 7 of the Montreal Protocol since the beginning 2000 (data from the Ozone Secretariat is contained in Annex IV). Records show a continuously improving rate of data reporting. Using the September deadline for data reporting, the number of countries reporting went up from 71 in 2000 to 84 in 2002 and 120 in 2004. Since then the number has remained consistent at about 120. "

54. **Comment**: It would be useful to know how the Article 7 data reporting in paragraph 77 compared with the reporting requirements under the Multilateral Fund agreements.

ISSUE

55. **Page 19, paragraph 83**

56. **Comment**: It would be useful to have some commentary on possible reasons for cost effectiveness reported in paragraph 83. I can speculate but some more analysis would be good.

57. **Answer**: Canada has also raised some questions in regard to paragraph 83. More analysis will take place.

ISSUE

58. **Page 7, paragraph 24**: "The two conditions that made possible the accurate budgeting of the CFC MYAs may not be present in the funding of HCFC MYAs. This because at the start of the funding of HCFC phase-out the consumption profile is quite diverse from country to country. In addition, substitute technologies are still being developed for a number of applications, while some others are going through optimization to further reduce the cost**.** These two conditions could make difficult cost standardization and budgeting accuracy."

59. **Comment**: Further information or analysis in paragraph 24 would be useful as mature non-HCFC technology is available for a significant number of applications.

60. **Answer**: Some of available alternatives, however, still have high GWP.

ISSUE

61. **Comment**: Not sure why R-22 retrofits undermined the sustainability of retrofits, given accelerated HCFC phase out was not agreed until 2007 and the comparatively limited life retrofitted equipment has.

62. **Answer**: Under 2007 regime some HCFC-22 retrofits/replacements might not be sustainable because of longer life time of equipment in Article 5 countries vs non-Article 5 countries.

ISSUE

63. **Page 23, paragraph 100**: "In absolute numbers, MYAs implemented by a single agency exceed those with multi agency involvement (21 vs. 10). In percentage, however MYAs with multi-agency involvement performs worse (66 per cent vs. 57 per cent). This means that MYAs with multi-agency involvement could have a higher chance of experiencing delays although the difference is not significant."

64. **Comment**: I am not sure much can be concluded from the percentage difference in paragraph (100) given that the statistical difference is not great compared with the sample size.

65. **Answer**: This issue will be further examined in the final evaluation.

ISSUE

66. **Page 10, paragraph 39**: "Adoption of measures regulating imports, exports and sales of bulk ODS has been effectively implemented in the majority of countries reviewed. These regulations helped achieve MYAs phase-out targets. Furthermore, the regulations resulted in reduced availability of controlled substances and subsequently in the rise of their prices encouraging the switch to their alternatives. The evaluation team should examine the possibility of government- induced measures to change price relations that may lead to a decrease of price difference between CFC-12 and HFC-134a and a decline in demand for CFCs."

67. **Comment**: I think further research and analysis should be provided on CFC prices before the recommendation in paragraph (39) could be sustained.

68. **Answer**: This analysis can be included into the terms of reference of future evaluation.

ISSUE

69. **Page 27, paragraph 120**: "Data on existing capacity to identify illegal trade is scant. Progress reports do not include accurate information about the training of customs officers. For example, the 2006 country programme (CP) progress reports provide cumulative data on trained customs officers, but not a percentage of trained customs officers by country. The 2010 CP data available in the Secretariat indicate that 15,997 customs officers have been trained in 106 countries (of the 142 countries that reported data,). It is not clear whether this is annual or cumulative data[2]. No information is available on the rotation of personnel in customs."

70. **Comment**: It would be useful to explain the relevance of the last sentence in paragraph (120) in relation to HPMPs.

71. **Answer**: The illegal trade of HCFC-22 and HCFC-141b might be a serious issue undermining phase-out efforts under HPMPs.

[2] UNEP/Ozl.Pro/ExCom/64/6

Implementing agencies

I. UNDP

ISSUE

72. **Page 4, paragraph 2**: "Annual implementation reports submitted by implementing agencies do not provide always accurate information. The Secretariat developed an on-line MYA reporting system which is not fully operational. The evaluation team should investigate these problems and propose remedial actions such as training sessions during networking meetings or other international events."

73. **Comment**: The reason for this should be added.

74. **Answer**: The AIRs suppose to demonstrate relevance of projects defined as a direct, and, if applicable, quantifiable linkage between the funded activities and meeting the specific Montreal Protocol control measures. It was not always happened. The identification of reasons will be in the agenda of the future evaluation team.

ISSUE

75. **Page 4: Issues for investigation during phase II of the evaluation)**

76. **Comment**: Is it possible to instead use "analysis" or "review"?

77. **Answer**: Yes, review is better.

ISSUE

78. **Page 20, Figure 3: Comparison of allowable MYAs and Article 7 consumption for the starting year**

79. **Comment**: Legend for 'red' bars should also be provided.

80. **Answer**: Yes, the legend appeared in a previous version, it got somehow deleted.

ISSUE

81. **Page 6, paragraph 16**: "A number of factors could have contributed to the starting point data discrepancy. The starting point is usually calculated by extrapolating the Article 7 data in the few years before the preparation of the MYAs. In addition there could be a delay between the time of the survey for the MYAs and the first year of the MYAs. As a result, the first year of the MYAs could be a number of years removed from the years used for extrapolating the starting point."

82. **Comment**: There is no reference to decision on starting point taken by the Executive Committee. This decision defined the unfunded consumption levels which were addressed through national plans and sector plans.

83. **Answer**: Decision 35/57 was adopted defining a starting point for determining the remaining ODS consumption eligible for funding by the Multilateral Fund together with the concept of a permanent national aggregate reduction in consumption within the strategic plan, which represented an important

operational tool for implementing phase-out. The starting point of a country determining remaining eligible consumption was calculated using two available options Montreal Protocol baseline as reported to the 35th meeting or latest 1999 or 2000 reported data accounting for approved but not implementing projects.

84. However, the MYA starting points for 29 countries analysed in Annexes VI and VII are different from those determined at the 35th meeting since these MYAs were approved in the period 2001 to 2006 and based on forecasted levels of ODS consumption for the starting year in MYA proposals prepared by implementing agencies on the basis of reported consumption in previous years and prevailing economic situation. The determined by this way consumption served as a basis in defining the cost of the MYA.

ISSUE

85. **Page 6, paragraph 20**: "The identified increased consumption in the MYA starting year calls for more careful assessment of HCFC forecasted consumption in HPMPs agreements".

86. **Comment**: The 2013 freeze level and subsequent ODS phase-out targets are determined on the basis of available Article 7 data and forecasted potential theoretical growth.

87. **Answer**: We are not sure if this is still an issue for HPMP. The starting point in HPMP is defined based on baseline levels. Phase-out is linked to baseline quantities which are established as a part of actual Article 7 reports.

ISSUE

88. **Page 6, paragraph 21**: "There seems to be considerable discrepancy in accounting the targeted impact of MYAs in relation to the Article 7 data. This is shown in the starting point level of ODS phase-out of the MYAs against the reported ODS consumption under Article 7 of the Montreal Protocol in the first year of the MYA and the cumulative phase-out level of the MYAs against the cumulative reported consumption under Article 7 of the Montreal Protocol."

89. **Comment**: MYA defines limits that the Government has to achieve for specified substances (Agreement for funding). Actual Article 7 data need not equate to this number – it should be lower than the MYA number only. This is reflected in the graph – Article 7 data is less than MYA limits. Therefore, the statement of "discrepancy" is not very clear. It was (almost) never expected that Article 7 data and MYA data would be the same.

90. **Answer**: We addressed this point in the response to Canada's comments. We need to talk here about differences in accounting for phase out in MYAs using actual phase out achieved rather than allowable consumption.

ISSUE

91. **Page 21, paragraph 92**: "The table in Annex VIII shows that the MYAs in the sample will be able to implement the planned activities within the budget approved. All have either a zero balance or a favourable fund balance in 2011. It is still too early to determine whether these favourable balances are a surplus because they may already have been obligated to finish the remaining activities. However it does not seem that any of the MYAs will experience budget shortfalls."

92. **Comment**: Sometimes penalties have been imposed on countries. This has resulted in scaling down project components in those countries. This also needs to be mentioned here.

93. **Answer**: This possibility was not reflected in the decisions of the Executive Committee on penalties in four countries, therefore it was not mentioned in the desk study.

ISSUE

94. **Page 7, paragraph 24**: "The two conditions that made possible the accurate budgeting of the CFC MYAs may not be present in the funding of HCFC MYAs. This because at the start of the funding of HCFC phase-out the consumption profile is quite diverse from country to country. In addition, substitute technologies are still being developed for a number of applications, while some others are going through optimization to further reduce the cost**.** These two conditions could make difficult cost standardization and budgeting accuracy."

95. **Comment**: Please see comments made earlier.

96. **Answer**: This comment is not quite relevant since "the two conditions" refer to consumption profile and substitute technology. See the next sentence.

ISSUE

97. **Page 23, paragraph 97**: "The Executive Committee approved the incentive programmes as individual activities under existing or new RMPs in 20 Article 5 countries. UNDP was the implementing agency for all these programmes. According to a 2007 evaluation report presented at the 52nd meeting[3], many NPPs and TPMPs have incorporated a component addressing CFC consumption in the end-user refrigeration sub-sector through conversion and retrofitting of end-user refrigeration equipment applying incentive schemes. Seven countries out of 14 in the selected sample in Annex IX, reported 597 cases of converted or retrofitted end-user equipment as part of their MYA activities. The major share of these cases (575) was reported by three countries (Brazil, Costa Rica and Turkey). In some instances, HCFC-22 and refrigerant blends with HCFCs were used in retrofits of end-user equipment which undermined the sustainability of such retrofits."

98. **Comment**: Generally correct – but the point that retrofits with blends was to ensure the usage of equipment till the end of their life.

99. **Answer**: Agree. We need to understand also that the decision on the use of HCFC-22 and HCFC-based blends in those days was taken in the absence of the 2007 Montreal Protocol Amendment.

ISSUE

100. **Page 27, paragraph 125**: "Data on delays in submission of annual tranches have been extracted from the Secretariat's reports presented to fifteen consecutive meetings of the Executive Committee (from the 48th to the 63rd meetings) from April 2006 to April 2011. Data are compiled and summarized in Annex V. 674 annual tranches were due to submission during this period. Of these, 304 (45.1 per cent) annual tranches have not been submitted as scheduled. The 370 submitted tranches have been reviewed by the Secretariat and 70 of them were withdrawn or not recommended for consideration by the Executive Committee. The reasons delays were the slow rate of disbursement and implementation; problems with

[3]UNEP/OzL.Pro/ExCom/52/8

verification reports; and incomplete documentation. Typically, tranches have been deferred by mutualagreements between the Secretariat and implementing agencies. Altogether 374 tranches or 56.8% of total tranches due were deferred. These tranches are broken down as follows: 98 or 26.2% - UNDP; 134 or 35.8% - UNEP; 70 or 18.7 % UNIDO; 43 or 11.4% the World Bank and 29 or 7.7% bilateral agencies."

101. **Comment**: What about the Governments?

102. **Answer**: Obviously, because implementing agencies act on behalf of Governments.

ISSUE

103. **Page 12, paragraph 50**: "Annual implementation reports submitted by implementing agencies do not provide always full and accurate information. The Secretariat developed on-line MYA reporting system which is not fully operational. The evaluation team should investigate these problems and propose remedy actions such as training sessions which could be conducted as part of networking meetings or other international events."

104. **Comment**: The reason for this should be provided.

105. **Answer**: Annual implementation reports have not always provided a direct and quantifiable linkage between the funded activities and achieved phase out. The future evaluation team will discuss this point with implementing agencies and countries concerned.

II. UNIDO

106. Overall we are grateful for the document. However, I have to highlight that we could not agree with several of the conclusions stated in the document. We understand that the desk study is the starting point and that the gaps will be filled in when the field visits are conducted. However, to insure that the document does not cause unnecessary confusion, it would be recommended that further analysis is conducted to support the conclusions highlighted in the document. Furthermore, it would also have been useful if both countries and agencies had been given the opportunity to reflect on the evaluations that has been conducted.

107. Overall additional analysis on the following items would be needed.

(a) Variances between Article 7 data reported and requirements of the Multilateral Fund.

(b) **Page 5, paragraph 8**: "This could be due to an inadequate level of readiness of countries in facing their initial compliance obligations. " this statement is very controversial.

(c) **Page 19, paragraph 83**: More data the cost effectiveness would be needed.

(d) **Page 7, paragraph 23**: "The evaluation team might consider including the examination of reasons that lead to discrepancies in estimated and actual ODS consumption in the starting year in some Article 5 countries." This would need to be explained.

(e) **Page 23, paragraph 97**: "In some instances, HCFC-22 and refrigerant blends with HCFCs were used in retrofits of end-user equipment which undermined the sustainability of such retrofits". This would need to be explained.

108. **Answer**: More analysis will take place concerning these issues in the final report.

Annex II

COMMENTS AND RESPONSES RECEIVED DURING INTERSESSIONAL DISCUSSIONS BY THE CONSTITUENCIES OF ARGENTINA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

A. Comments made by the constituency of Argentina

ISSUE

1. **Page 6 (Comparison of starting MYA´s and Article 7 consumption for the same year), paragraph 18:** Notwithstanding all these complicating factors, the degree of variance, over 20 per cent, is still an issue which merits attention. Overstating the starting point could inflate the cost of the MYAs.

2. **Comment**: The use of the verb "Inflate" is too strong and may lead to misinterpretations regarding the good will of countries to accomplish the specified commitments.

3. **Response**: We agree. The last sentence can be reformulated as follows: "The estimation of the starting point impacts on the cost of the MYAs". A corrigendum can be prepared.

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4. **Page 6, (Assesing the impact of MYA´s) Paragraph 21**: There seems to be a considerable discrepancy in accounting for the targeted impact of MYAs in relation to the Article 7 data. This is shown in the starting point level of ODS phase-out in the MYAs against the reported ODS consumption under Article 7 of the Montreal Protocol in the first year of the MYA and the cumulative phase-out level from the MYAs against the cumulative reported consumption under Article 7 of the Montreal Protocol.

5. **Page 7, (Assesing the impact of MYA´s) Paragraph 22:** It is probably worthwhile to further examine the issue to pinpoint the reasons for such discrepancy and then introduce changes that could reduce this discrepancy. The evaluation team may investigate the reasons for such discrepancy in countries with the highest difference in data (Argentina, Brazil, India, Indonesia).

Comments:

Argentina

6. We hereby present the explanation for the difference between the forecasted MYA first year consumption (2004) and the A7 data for the same year.

7. The official CFC consumption data of Argentina for years 1994-2004 were as follows (ODP T):

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Base line
4,569	6,366	4,202	3,524	3,546	4,316	2,397	3,293	2,139	2,255	2,212	4,697

8. Around the time of drafting of the Agreement, which is the only document where 3,220 ODP T consumption for the first year of the NPP appears, there were many uncertainities because in the early 2000s there were several serious crisis in Argentina, so, based on historical data, the year 2004 consumption of 3,220 ODP T predicted for the first year of the NPP was quite reasonable.

9. At the time of project preparation and data survey (2002) the consumption was lower than any of the annual consumptions between 1994-2001 (except for 2000) and a growth from this minimum level was inevitable as the crisis slowly faded away. In 2002 the consumption was about the same as in the first year of the NPP. Other data were:

- Starting point established by Decision 35/57: 2,609.1 ODP tonnes;
- Consumption funded since the starting point: 314.4 ODP tonnes;
- Remaining eligible consumption un-funded as of December 2002: 2,294.7 ODP tonnes.
- Project impact: 1,895 ODP tonnes

10. Regardless of what happened, it has to be emphasized that the ExCom approved very careful guidelines (Decision 35/57) for the determination of remaining eligible consumption. The eligible consumption remaining for funding is determined by the said guidelines and it is calculated based on the official baseline of the substance in question (that is based on **actual and proven official data**), which in the case of Argentina on top of this, the information is publicly available at the web of the Federal Administration of Public Revenues (AFIP) as reported in the 2007 MPMF Secretariat verification report It represents the difference of the baseline and of the phase-out impact of projects approved prior to the data of submission of the project (MYA). So, all the consumption funded was real. In the case of Argentina it was **1,809.5 ODP T and not 3,220 ODP T** as one could imply reading the document.

11. It is worthwhile to add that in the year 1999 one of the producers of CFCs in Argentina ceased the production of CFCs, since 1994 it was banned the use of CFCs in aerosols, and in halons since 1997.

12. The idea proposed by the study is to neglect the consumption of several recent years. This would mean to forget about recent development, which in our case, if we would neglect the last three years it would mean much higher consumption:

1997	1998	1999
3,524	3,546	4,316

13. This idea contradicts with all previous rules of the ExCom (agreed in consensus) for the determination of consumption.

14. Thus, using the difference between the predicted first year consumption and the actual one as a justification to reduce funding in the future is not applicable, since these two data are not related.

15. In order to clarify our point, we would like to emphasize the difference in meaning of the following concepts:

(a) A7 consumption: it is the Production + Import - Export. In the case of an ODS producing country the role of stockpiles are very important and the actual consumption of end users has only partial influence on the A7 consumption.

(b) Consumption planned for the starting year is just an assumption. It has no bearing either on the level of project funding nor is it a binding commitment. Simply it was a figure selected at that time within the compliance target. This was the maximum level of consumption planned by Argentina (as a matter of fact it was a worst case scenario) which could be reached if other phase out project would stop, the economy recovers faster, the CFC export would slow down, etc.

(c) Funded consumption: it was the consumption based on which the funding was calculated and phase-out targets were made. In the NPP the estimated first year consumption data (it was not a target) was well above the funded consumption 3,220 ODP T versus 1,809.5 ODP T.

16. The phase out targets can be found in the Agreement:

ARGENTINA CFC (ODP tonnes)	2004	2005	2006	2007	2008	2009	2010
Montreal Protocol Reduction Schedule	4,697.2	2,348.6	2,348.6	704.6	704.6	704.6	0.0
Max allowable total consumption of CFCs	3,220.0	2,047.0	1,997.0	686.0	636.0	586.0	0.0
Total demand of CFCs(reference)	2,429.5	2,189.7	1,668.0	1,268.0	868.0	518.0	158.5
Reduction by on-going projets in all sectors	149.1	139.8	317.7	0.0	0.0	0.0	0.0
Reduction by new activity in all sectors	0.0	100.0	200.0	400.0	400.0	350.0	359.5
total annual reduction	149.1	239.8	517.7	400.0	400.0	350.1	359.6
Stockpiling	2421.2	2278.5	2607.5	2025.5	1793.5	1861.5	1703

17. It shows very well that the Max allowable total consumption of CFCs (ODP t) dropped by 1,173 tonnes from 2004 (3,220 T) to 2005 (2,047 T), in the first year of the project when it could not have any significant impact yet.

18. Argentinas´s accomplishment of lower consumption levels than those established by the Montreal Protocol is a clear indicator that the country has thoroughly fulfilled its comittments.

Brasil

19. The data from Brazil consumption is being pointed out as having a "considerable discrepancy in accounting for the targeted impact of MYAs in relation to the Article 7 data".

20. ***Brazil's NOU Comments:*** There is no discrepancy in the data, but circumstances in the Country that lead to an anticipated phase-out of the Montreal Protocol targets. When Brazil negotiated the MYA the consumption was exactly what was shown by the Article 7 data for the years 1995-1997, responsible for the baseline of 10,525.8 ODP t and for the year 2000, the data was 9,275.1 ODP t. **The MYA was developed during years 1998 -2000 and the consumption agreed for the MYA was 9,276 ODP t.**

21. In the year 1999, Brazil ceased the production of CFCs;

22. In 2000 Brazil prohibited the use of CFC in new equipments for fire fighting, air conditioner, mac and solvents;

23. In 2001 Brazil prohibited the use of CFC in new equipments for domestic refrigerators, all other refrigeration equipment, foam, sterilizants;

24. From January 1st 2001, Brazil had a new schedule with quotas for the import of CFC-12, anticipating the Montreal Protocol targets:

15% in 2001;
35% in 2002;
55% in 2003;
75% in 2004;
85% in 2005;
95% in 2006 and
100% in 2007.

25. From 2000, the import of CFC-11 was permitted only for the enterprises that had the conversion project in place only until September 2001

26. By the time the MYA was approved the only data available was the 2000 data that were 9,275.1 ODP t of consumption, so, it shows the reason why the consumption dropped abruptly in the subsequent years, it is not a matter of "overstating the starting point" but because of the actions that the govern took to reduce the consumption and optimize the import system control and the data available by the time the MYA was written.

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27. **Page 7, paragraph 23: Conclusions**: Overall, MYAs are funded adequately. The uniformity of the CFC consumption profile (the refrigeration servicing sector) and the availability of substitute technologies and knowledge of their costing could have contributed to the accurate budgeting of the MYAs. More accurate assessment of ODS consumption in the MYA starting year, however, is important for the determination of necessary MYA budgets and better equality in allocation of Multilateral Fund resources among all participating Article 5 countries. The evaluation team might consider including the examination of the reasons that lead to discrepancies in estimated and actual ODS consumption in the starting year in some Article 5 countries.

28. **Brazil** considers that there is not a necessity to have an examination of the reasons that lead to discrepancies. We know why the consumption came down and we do not agree that there were discrepancies.

29. **Response**: The 2007 desk study on the evaluation of management and monitoring of national phase-out plans (NPPs) (UNEP/OzL.Pro/ExCom/51/13) has analyzed the phase-out planned and accomplished for the twelve countries. The desk study concluded as follows: "Typically, for the first two tranches there is little or no phase-out expected and approved, as this period is needed to establish the institutional infrastructure and to start up activities. When the phase-out planned and achieved is compared with 2005 consumption data it can be seen that several countries, including Brazil, Malaysia, Nigeria, Thailand and Turkey have far exceeded their phase-out targets for reasons not clearly discernible in the annual implementation reports. In the case of Brazil and Turkey, the remaining CFC consumption is about 9% and 3% of their baseline consumption respectively." Thus, the significant discrepancy in planned and achieved phase-out had been identified in previous evaluations of NPPs.

30. The present desk study on the evaluation of MYAs opted for the difference in ODS consumption in the first year claimed as an overall phase-out target of MYAs, and the actual Article 7 consumption reported by the governments in the same year as an indicator of relevance and attribution of the Multilateral Fund funding for achieving the planned ODS reduction. As indicated in 2007 desk study, typically, for the first two tranches there is little or no phase-out expected. In the sample of 29 countries considered in the present desk study, the consumption of the MYAs dropped on average by 22 per cent in 26 countries in the first year. Progress reports submitted by most countries in the sample do not provide meaningful information regarding activities under MYAs that directly relate to the achieved phase-out.

31. In addition, the study compared the cumulative targeted ODS phased out for MYA duration determined as allowable consumption against the cumulative ODS consumption reported under Article 7 for the same duration. In one case the difference was of 62 per cent. The overall cumulative consumption (emissions) of 27 countries was by 54,670 ODP tonnes or 25 per cent lower than overall MYA targeted consumption. The difference may serve as an indicator of insufficient MYA planning efficiency.

32. Each MYA is based on the national ODS phase-out plan which refers to the national ODS consumption of the given year as a starting point or allowable consumption for the implementation of the

national phase-out strategy. In general, the allowable consumption comprises ODS consumption to be phased out from ongoing unfinished projects approved prior to approval of MYA, ODS consumption ineligible for the Multilateral Fund funding (usually in enterprises established after the cut off date) and consumption to be phased out under MYAs new activities which typically represents the bulk of the allowable consumption in the starting year.

Argentina

33. In Argentina the allowable consumption in the starting and subsequent years of MYA includes stockpiling which varied from 2,421.2 ODP tonnes in 2004 (MYA starting year) to 1,703 ODP tonnes in 2010. As a CFC producing country Argentina requested to include the allowances for CFC stockpiling into MYA annual consumption limits in anticipation of greater CFC demand following the economic recovery from the financial crisis; it also considered the probability that in the future FIASA (national CFC producing company) may not wish to use up all its production allowance if the market demand will diminish. The cumulative projected stockpiling for 2004 to 2010 (14,690 ODP tonnes) exceeded significantly the cumulative projected CFC demand for the same period (9,099 ODP tonnes) by 5,591 ODP tonnes.

34. The predictions did not materialize. While economic growth was 8.84 per cent and 9.03 per cent in 2003 and 2004 respectively, the CFC consumption remained quite stable. Consumption increased by about 5.0 per cent in 2003 as compared to 2002 (the last year of recession) and decreased by about 2 per cent in 2004.

35. While stockpiled CFCs have not been included in progress reports, the 2004 production closure report shows that FIASA produced 3,016 metric tonnes out of which the company sold 1,837 metric tonnes domestically and exported the remaining. It imported 375 metric tonnes to make up for 2,211.6 ODP tonnes reported as Article 7 consumption in 2004. It appears that no stockpiling was materialized in 2004. The comparison of predicted demand and Article 7 consumption in subsequent years demonstrates that the level of stockpiling was much lower than planned.

36. The allowable 2004 consumption of 3,220 ODP tonnes appears to be purely hypothetical and in the case of Argentina cannot be utilized for the analysis undertaken in Annex VI. Article 7 consumption was lower than the predicted 2004 CFC total demand of 2,429.5 ODP tonnes claimed to be the overall MYA phase-out target. The Article 7 consumption in the first year represents 88.6 per cent of the MYA overall target. Thus, Argentina does not belong to the countries with the highest difference in data.

37. The analysis of the cumulative phase-out targets from the MYA for Argentina against the cumulative reported consumption under Article 7 of the Montreal Protocol as undertaken in Annex VII needs also to be reconsidered. The cumulative 2004-2010 Article 7 consumption has to be compared with cumulative total demand not allowable consumption for the same period. The percentage of cumulative Article 7 consumption is 68.1 per cent of the planned cumulative phase-out target. Indeed, the MYA phase-out programme has been implemented much faster than planned.

38. In November 2007, the Government of Argentina submitted the last progress report and 2007 work programme together with the request for the last funding tranche. By the end of 2007, Argentina phased out about 80 per cent of its 2004 Article 7 consumption. As in previous years, the implementation of planned activities required substantially lower costs than budgeted. The numbers for the remaining activities show that 49.62 per cent of the approved funds were obligated or spent without the World Bank chiller component that was established when approving the second tranche, which has reported no expenditures to beneficiaries. With the World Bank chiller component, the share of obligated and spent funds would be 46.0 per cent.

39. In conclusion, it would be beneficial to retain Argentina in the list of countries for visiting by the evaluation team and to examine Argentina's experience in achieving early phase-out at a lower cost that would be valuable in planning future HCFC phase-out programmes.

40. The emphasis of the national phase-out programme was on the recovery and recycling component amounting to about 72 per cent of the total approved funding of US $7,360,850. It would be interesting to learn about the role of recovery and recycling component in achieved CFC phase-out.

41. The issue of the actual use of stockpiled CFCs might require further clarification.

Brazil

42. The discrepancy between 2002 allowable consumption in the MYA for Brazil and 2002 Article 7 data requires further analysis of Brazil's NPP and subsequent progress and verification reports.

43. Brazil's NPP was submitted at the 37th meeting of the Executive Committee in July 2002. The objective of the plan was to assist the Government of Brazil to meet its 2005 compliance target for Annex A, Group I substances and to complete the phase-out of those substances by 1 January 2007. An overall phase-out target of the MYA amounted to 9,276 ODP tonnes. This quantity included 3,475 ODP tonnes of CFC-11 and CFC-12 already addressed through projects approved but not yet implemented, and an additional 5,801 ODP tonnes to be addressed through new measures proposed in the plan.

44. The national phase-out plan envisaged the use of a series of instruments, including investment projects and non-investment activities as well as a combination of policy and regulatory support measures to manage the supply and demand of CFCs. Legislation reducing CFC-12 and CFC-11 imports to zero by 1 January 2007 was introduced in Brazil in 2000, curtailing the supply. Early actions, with support from the Multilateral Fund, were proposed to reduce consumption in the manufacturing and servicing sectors so that demand would not exceed supply. The total cost requested for the implementation of the NPP was US $42,568,640. In the first two and one half years, expenditure of over US $41 million was proposed. The phase-out from new activities under the plan in the same period was some 340 ODP tonnes.

45. In order to reduce demand, the plan proposed completion of implementation of ongoing investment projects funded by the Multilateral Fund resulting in phasing out of 3,475 ODP tonnes. Funding for new investment activities expected to complete phase-out of 811 ODP tonnes in all manufacturing sectors, including: foam, refrigeration, metered-dose inhalers, solvent and steriliant sub-sectors with the majority of 753 ODP tonnes being in foam and refrigeration manufacturing sectors. Funding in the servicing sector, including technical training, recovery/recycling in the refrigeration, mobile air-conditioning (MAC) and chiller sectors, incentive programmes to promote the retirement of existing CFC-dependent end-user equipment and chillers should result in phasing out of the bulk of CFC consumption of 4,990 ODP tonnes or 86 per cent of the total new reduction.

46. The plan was reviewed by the Secretariat which identified a number of issues regarding calculation of consumption in sub-sectors and determination of eligible incremental costs (UNEP/OzL.Pro/ExCom/37/30). In particular, the centrifugal chiller end-user incentive project (US $6.14 million) was found ineligible for funding. The national CFC phase-out plan for Brazil was approved at the 37th meeting of the Executive Committee in July 2002 with a total value of US $26.7 million and agency support cost of US $2,295,300 with the following phase-out and the Multilateral Fund payment schedule. The cost-effectiveness was calculated at US $4.6/kg ODP based on 5,801 ODP tonnes of new reduction.

47. In the following table MYA parameters are reproduced as approved by the Executive Committee together with Article 7 consumption.

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2002-2010
Maximum allowable total consumption	9,276	(9,276)	8,280	6,967	5,020	3,070	2,050	1,000	424	74	0	26,885
Total annual reduction			996	1,313	1,947	1,950	1,020	1,050	576	350	74	9,276
Reduction from ongoing projects			745	313	1,210	1,207	0	0	0	0	0	3,475
New reduction under the plan			251	1,000	737	743	1,020	1,050	576	350	74	5,801
Article 7 consumption	9,275	6,230	3,000.6	3,224.3	1,870.5	967.2	376.8	305.3	284.3	46.9	0.0	10,075.9
Agreed funding (US $ million)			9.5		6.42	5.27	3.10	1.19	0.87	0.25	0.10	26.70

48. The approved Agreement adopted an ODS reduction schedule with starting point of 9,276 ODP tonnes that was equal to the 2000 consumption and a payment timetable to be synchronized with the government's legislative measures. Payments noted in the above table other than the initial payment in 2002, will be released based on confirmation that: the agreed maximum consumption targets noted in Table 1 for the previous year have been achieved; it has been verified that CFC phase-out has taken place, and that a substantial proportion of the activities planned for the previous year were undertaken in accordance with the annual implementation plan.

49. The maximum allowable consumption in 2002 was determined at 8,280 ODP tonnes based on 2000 consumption data and planned 2002 reduction. Brazil stopped CFC production in 1999. No stockpiling was part of allowable 2002 consumption.

50. The Government of Brazil reported annual progress in implementation of its work programmes presenting the required verification reports. The analysis of progress and verification reports raised a number of issues.

Starting point and allowable consumption

51. Initially it was reported that the starting point was based on the only 2000 consumption data available. The 2000 consumption was replicated as 2001 starting point of 9,276 ODP tonnes. However, the government regulatory measures curtailing CFC-11 and CFC-12 consumption were developed in 2000 and introduced in 2001 with specific import quotas. The 2004 verification report indicated that the 2001import quotas have been issued for CFC-11 and CFC-12 to be 2,750 ODP tonnes and 3,469 ODP tonnes respectively. Presumably, by the time of discussion of the NPP at the 37th meeting in July 2002, the Government of Brazil realized that CFC consumption should not exceed significantly 6,220 ODP tonnes which is far below the starting point of 9,276 ODP tonnes. Indeed, the reported 2001 Article 7 consumption was 6,230 ODP tonnes.

52. The CFC consumption verifications had been performed by an independent auditing group. The first 2003 verification analyzed 2002 CFC consumption data. Data collected and verified from the Secretariat of External Trade which were based on customs data, indicated that the consumption reported to the Ozone Secretariat on the basis of quota issued by the Ministry of Environment was higher by about 300 ODP tonnes. Using the data verified from Siscomex, 2002 consumption reported would be 2,668.62 ODP tonnes of Annex A, Group I substances, not 3,000.6 ODP tonnes. CFC consumption of 196 ODP tonnes in commercial refrigeration, solvent and steriliant sectors included in the plan had not been identified at the later stage.

The reported and actual impact of consumption phased out from ongoing projects

53. Conclusions of the 2003 and 2004 verification reports raise the issue of correlation between phase-out from completed ongoing and new projects and impact on the actual consumption in the country. The 2003 report confirms the phase-out of 1,184 ODP tonnes from completed, earlier approved, projects. It stresses that although the projects were indeed finalized but the total figure of ODP tonnes reduced were not actual 2002 enterprise consumption and therefore the resulting reduction reflects the ODP consumption at the time the project were approved, as this was the way how the reduction was reflected in the Agreement and in the Multilateral Fund inventory of projects (UNEP/OzL.Pro/ExCom/41/25).

54. In 2004 report, the auditor checked all Certificates of Completion (COC) of the projects completed in 2003 and 2004. Reduction, based on projects completed by UNDP in 2003, was 957.4 ODP tonnes. UNIDO reports on projects completed in 2003 stated a reduction of 13 ODP tonnes. While the auditor verified that all of the COCs made available to him referred to completed projects, he considered only the phase-out that effectively occurred during the year when analyzing the impact of project completion on final consumption for 2003. According to his analysis, 202.8 ODP tonnes of the total ODPs in the COCs for projects completed had an impact on the 2003 consumption.

55. It appears that implementing agencies may need to report not only ODP consumption at the time the projects were approved but the actual consumption at the time of completion. The latter would reflect more accurately the impact on the remaining consumption in the country.

Relevance and attribution of Multilateral Fund (MLF) funds approved and expenditures incurred to the national reduction in CFC consumption

56. The first tranche of US $9.5 million for the implementation of the first phase of the national CFC phase-out plan for Brazil was released in July 2002 to UNDP. The implementation was delayed due to the 2002 political elections in Brazil. The project document was eventually signed by the new Minister of Environment in March 2003.The project was further delayed due to a legal provision prohibiting on-site recovery and recycling of substances like CFCs. That issue was addressed by adoption of amendment to the law in September 2003. However, specific activities in the refrigeration and air-conditioning servicing sub-sectors were delayed until December 2004 because of problems with existing legislation related to refrigerant recovery, recycling, and reclaim.

57. Planned activities in commercial refrigeration, solvent and steriliant sectors with initially claimed total phase-out of 196 ODP tonnes did not start because of the absence of ODS consuming enterprises. The allocated funds of about US $2.3 million had been transferred to newly identified activities in 2006.

58. In the foam sector, 104 new projects have been identified in 2003 which have been implemented from 2005 to 2007 at the cost of US $4.19 million. The impact of these projects on the CFC-11 phase-out is highly questionable given that there was no CFC-11 consumption in Brazil since 2003 according to the 2004 auditor's report.

59. It appears that no ODS phase-out activities except training started until the end of 2004. By this time consumption had been reduced from 6,230 to 1,870 ODP tonnes without visible effect of MLF funding allocated for new reduction.

60. It would be interesting to know what measures apart from regulating supply have been undertaken to balance on the CFC demand in 2002 to 2005.

Adequacy of information provided in annual implementation reports

61. Annual implementation reports related to the NPP in Brazil provided scant information on ODS phased out in ongoing and new projects in manufacturing sectors. No information was provided that could show the correlation between achieved activities and their impact in terms of ODS phase-out in the refrigeration servicing and other sectors.

62. The phase-out and funding schedules are closely linked in any MYA. In many MYAs anticipated ODS phase-out was deferred vis-a-vis MLF funding tranches accounting for the lead time required for actual implementation of planned activities. It is anticipated also that the linkage between MLF funding and actual phase-out would be evident in annual implementation reports provided by implementing agencies and respective governments to the Executive Committee requesting the next funding tranche. The review of annual implementation reports by the desk study team revealed that it was not possible to establish correlation between ODS reduction and accomplished MYA activities not only in Brazil but also in other countries.

63. The significant discrepancy in planned and achieved phase-out and the issue of inadequate reporting that could not explain this discrepancy had been identified in previous evaluation of NPPs. Such a concern has been expressed in the final report on the evaluation of management, monitoring and verification of NPPs in non-low-volume-consuming countries (UNEP/OzL.Pro/ExCom/54/12) as follows: "Most AIPs have been bulky, repetitive and not clear on many aspects, especially on the overall progress to date and the relative contributions of various completed activities to the phase-out achieved. It was not easy to detect what the plan had achieved in relation to the desired end results. These reports should be more explicit in assigning ODS reductions to NPP activities."

64. The Executive Committee might wish to consider the issue of improvements in AIP reporting.

65. In conclusion, the discrepancy between the starting point and Article 7 consumption in Brazil proved to be a useful indicator that triggered the further analysis bringing forward additional issues. The issues identified above are of preliminary nature and could be rectified as soon as the full evaluation might proceed by visiting Brazil and discussing all the issues with respective officials.

Adequacy of approved budget

66. In 2006, the approved budget was reshuffled. Implementation of several activities had been cancelled and new activities had been added amounting to US $2.3 million, including those that are not common for NPPs approved in other Article 5 countries such as environmental management in commercial refrigeration, project on energy and CFC-12 recovery, dissemination of technical data and project to support technical rules. In October 2009, 2008 and 2009 progress reports have been submitted to the 59th meeting of the Executive Committee. It was reported that the unspent balance of the total approved funding after commitments and expected disbursements by the end of 2009 was expected to be US $5.14 million. The annual implementation plan foresaw a number of activities but did not propose allocation of the remaining US $5.14 million. The Executive Committee requested UNDP not to commence disbursement of the funding approved or any funding remaining after implementation of approved activities until the Executive Committee had approved, at a future meeting, an implementation plan covering activities related to the remaining funds, including their timing. UNDP submitted the requested implementation plan with expenditures in 2010 and 2011 of all remaining funds to the 60th meeting. The planned activities mainly related to the recovery and recycling sector. The plan and requested remaining funds have been approved.

67. About 19.2 per cent of total approved NPP budget was spent in 2010 and 2011 having no direct impact on the reduction of CFC consumption as targeted in the NPP since consumption in 2010 and 2011

was zero in Brazil. It appears that this finding together with others identified in paragraphs above confirms conclusions as formulated on page 7, paragraph 23 of the desk study.

ISSUE

68. **Page 10, paragraph 40**: The adoption of regulations banning imports and sales of used refrigeration equipment in a number of Article 5 countries had a positive effect in achieving CFC phase-out targets in the refrigeration servicing sector in these countries. The early introduction of legislation banning import and sale of used refrigeration equipment containing HCFC-based refrigerants would have a similar effect and, therefore, needs to be considered as a target in development of HCFC phase-out strategies. It should take into account the maturity of local markets for refrigeration equipment with alternative refrigerants. The MYA evaluation should examine the experience of early adoption of such regulations (Examples: Thailand – 1997; Croatia – 1999; Brazil – 2000) as well as the reasons for which it has not been adopted yet in Argentina, Costa Rica, Mexico and Pakistan.

Comment Argentina

69. We believe that the introduction of bans is done differently in every country. It is governed by various internal policies, laws etc. This is not compliance period as yet, thus, it would be difficult to justify and impose any ban as yet.

70. Furthermore, the priority issue in a well developed A5 country is not the ban of import of **used** refrigeration equipment. For Argentina e.g., the sequence should be:

(a) Conversion of local production of HCFC air-conditioners (started);

(b) Ban of import of **new** HCFC RACs (it was initiated);

(c) Ban of import of new HCFC commercial and industrial refrigeration equipment (planned in the HPMP for a later stage, when availability would allow e.g. HCFC-123)

(d) Ban of import of used HCFC equipment.

71. **Response**: We agree that the timetable for the introduction of legislation banning import and sale of used refrigeration equipment containing HCFC-based refrigerants needs to be determined according to the country specific circumstances.

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72. **Page 24, paragraph 109:** "All 32 countries in the sample reported requirements of permits for import of bulk effective licensing system, however, requires quotas to restrict ODS imports, procedures for an equitable quota allocation system. Twenty-nine countries reported that the quota system for import of bulk ODSs was in place."

73. **Comment done by CANADÁ: Argentina** does have a licensing system for the import/export of bulk ODS. I am not sure if the issue here is that they did not inform the evaluation team that they have one, or if there is an error.

74. **Response (SMEO)**: It was not reflected in the last Argentina country programme report. If the legislation is in place, the sentence should be deleted.

Comment Argentina:

75. Firstly, we would like to firmly state that Argentina was never contacted by the evaluation team that prepared the document.

76. We assume that possibly the SMEO is referring to a CP of another country. In order to present further information, we are attaching 2010 Argentina's CP as received from the MPMF Secretariat, where it is very clearly declared that the LS incluyes import/export of bulk ODS.

77. Moreover, copy of the LS regulations were delivered to the MPMF Secretariat by the time of its enactment.

78. **Response**: In preparation of Annex XI, the desk study evaluation team used the Multilateral Fund Secretariat web site containing the consolidated data on adopted legislation in Article 5 countries. It appears that data regarding Argentina need to be corrected.

ISSUE

79. **Annex II, Page 1 (Article 5 countries in non-compliance):** The header of Annex 2 is entitled **Article 5 countries in non-compliance** and it also includes a list of many countries, including Argentina, for which were given values of "0" in the columns of the respective control measures

80. **Comment**: The heather on this list is confusing and gives the idea that all the countries mentioned in it are in default, quite a serious statement considering the public nature of this document.

81. **Response**: Agreed. "0" will be replaced with "n/a" (not applicable). A corrigendum can be prepared.

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82. **Annex XIII, (Examples of institucional set up in the implementation of MYA´S), Page 1**: **Argentina's national phase-out plan (NPP) –** In Argentina, the Government, assisted by UNIDO, carried out the overall project management. The Project Management Unit (PMU) managed the implementation of the phase-out plan in the refrigeration sector. The Government designated the PMU coordinator. The Ozone Office was responsible for Trucking the promulgation and enforcement of policy and legislation. In addition, it assisted UNIDO with the preparation of annual implementation plans and progress report to the Committee. Teams of Experts designated by provincial governments (environmental and industry departments), customs offices, education and training institutions and industries dealt with the management at the regional level. Similar implementation and management teams had been organized in Buenos Aires, Rosario, Mendoza, Mar del Plata as well as in their suburbs.

83. **Comment**: The information is not correct. All projects and activities are implemented and carried out by the National Ozone Unit. Argentina does not carry out projects through a Project Management Unit because there is no PMU in Argentina, and no other actors or institutions are involved with the development of said projects, as it was reported in the 2007 verification report, which was not taken into account.

84. **Response**: The original project document mentioned that the National Ozone Unit would be responsible only for the implementation of projects in the refrigeration servicing sector. However, a corrigendum can be prepared.

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85. **Annex XIV, (List Of countries to be visited during Phase II of the evaluation) Page 1: Argentina and Brazil are mentioned in this list.**

Comment:

Argentina

86. What is more, **Annex XV** presents eight issues for investigation during phase II of the evaluation. Most of these issues have already been evaluated in Argentina in the previously mentioned evaluation. Therefore, we believe that it is not a priority to utilize funds to carry out a field study in Argentina, which would only result in the duplication of the aforementioned information gathered in 2007. Having said that, we strongly believe that Argentina should be removed from the list of countries to be visited in Phase II of the study.

87. **Brazil** would like to be out of the list of Countries to be visited in the Phase II evaluation because considers that there is no necessity for that. If the Monitoring Officer has any questions we will be glad to respond to clarify the doubts.

88. **Reponse**: The approval of the list of Article 5 countries to be visited in phase II of the evaluation is at the discretion of the Executive Committee taking into account all the information available to this respect, including comments by Article 5 countries and the Secretariat.

B. Comments from the United Kingdom constituency

Comments on Phase I:

89. The desk study took 36 MYA in 32 countries as a sample, which corresponds to 22.5% of the 160 MYAs who benefitted from the MLF until the end of 2010.

90. However there aren't many further references to the weighting of the various findings of the study. We would therefore like to have such indications expressed in percentages.

91. **Response**: Here are several other references expressed in percentages (paragraph number is kept as such):

- 100. "In absolute numbers, MYAs implemented by a single agency exceed those with multi agency involvement (21 vs. 10). In percentage, however MYAs with multi-agency involvement performs worse (66 per cent vs. 57 per cent). This means that MYAs with multi-agency involvement could have a higher chance of experiencing delays although the difference is not significant."

- 112. "The study examined the duration between the acceptance of the Montreal Amendment and the setting up of a licensing or permits systems (Annex XI). About 65 per cent of the countries in the sample of 32 countries established their licensing or permits system prior to the date of acceptance of the Montreal Amendment. For the remaining 35 per cent of countries, it took from one to seven years to establish the licensing systems after joining the Montreal Amendment."

- 113. "For the same sample, the study examined the duration between the approval of MYAs and the time a country introduced its ODS import licensing system, using the approval of the MYAs as a point of reference. The conclusion is that duration varies between -12 to 5 years, which means that 75 per cent of countries had their licensing system ready 12 years before the approval of the MYAs as a result of institutional and technical assistance projects. 25 per cent of countries did not have these systems until 5 years after the approval of their MYAs."

- 116. "About 50 per cent of the countries in the sample adopted legislation banning the import of used refrigerators and freezers prior to 2004. This measure effectively helped meeting the 50 per cent CFC reduction target in 2005."

- 118. "In general, 85 per cent of countries introduced a ban on import and about 52 per cent of them banned the sale of used domestic refrigerators and freezers, MAC systems and other air conditioners, including chillers. Proportionally, similar number of countries addressed imports and sale of CFC-containing aerosols except metered dose inhalers and use of CFC in production of some or all types of foam."

- 128. "Following is a classification of the reasons for delays in submissions or approvals of tranches:

    (a) **Actions delayed by implementing agencies – 57.6 per cent**: activities under prior tranches were not completed or **deliverables on the previous tranche were not s**ufficiently advanced in implementation; grant agreement and/or working programme required to be amended; low rate of disbursement of approved funds and delay in procurement; sufficient funds are available under the existing tranches; submission was not complete, administrative rearrangements.

    (b) **Actions delayed by governments – 24.7 per cent**: government delays in signature of project documents or grant agreements; licensing system was not in place; institutional rearrangement; unfavourable political situation.

    (c) **Problems with verification report – 15.5 per cent**: verification report was not submitted with the request for tranches or verification was inadequate.

    (d) **Inadequate coordination between implementing agencies – 1.6 per cent** delayed actions of the lead agency resulted in delayed submission of tranches by participating agencies.

    (e) **Others – 0.5 per cent**: difficult climatic conditions; natural disasters; change of implementing agency."

Comment

92. As indicated by France during the 65th meeting, we agree with the SMEO's concern about the high rate of data discrepancy mentioned in paragraphs 18, 88, 89 and Figure 4 between the consumption data indicated in the MYA and the data reported under Article 7. The report indicates that this discrepancy was higher than 28 per cent during the entire MYA for ODS which were phased out. We would be interested in a further investigation of this issue.

93. **Response**: Please see responses regarding Argentina and Brazil NPPs.

Comment

94. In para 67, the report indicates that the decreasing rate of cases of non-compliance can be linked to the efficiency of MYA. Could the reasoning which leads to this conclusion be indicated?

95. **Response**: First of all, it needs to be realized that this is a desk study which relies primarily on statistical analysis but findings from such analysis could point to issues and trends which could be further reviewed in the field study. This is especially significant for the post evaluation which does not add value unless looking at history brings benefit for the future.

96. In the case of the contribution of the MYAs to the NPP efforts in Article 5 countries, there is a good case to be made because time wise the decrease in the number of non-compliance cases coincided with the introduction of the MYAs in these countries. On a substantive ground, the MYAs are an all inclusive instrument which rallies all the national efforts for bringing down the consumption and production. It coordinates the actions of government, industry and non-governmental organizations.

Comment

97. Similarly, in para 77, the report indicates that better reporting has been observed thanks to MYAs. We think that maybe other factors might have played an important role, such as the briefing which is made on reporting issues at each network meeting. Sessions on data reporting have been planned for quite some years now, and this repetitive "training" may also be part of the reason for better reporting. Another element worth considering could be the role of UNEP's CAP and team.

98. **Response**: This section of the document intends to examine the extent that the MYAs have achieved one of their original objectives, i.e. assisting governments in taking over the responsibility of managing NPPs. The study team intended to review a number of indicators to measure the progress of governments in being its own master of its plans and one of those is the diligence of governments in reporting data, both under the Article 7 of the Protocol and country programme implementation. The data reporting statistics under Article 7 as provided by the Ozone Secretariat did point to the improving record but of course as rightly pointed out by the United Kingdom this better record could be due to other factors. That is why the study team intended to use a few other indicators in order to observe the extent that this objective of the MYAs was achieved. However unfortunately the study team could not collect reasonably complete data series on that other indicators to draw any conclusive finding. However, it would be worthwhile to examine this broad issue of MYAs' role in fostering national ownership and would be advantageous to combine it with such issues as institutional strengthening and the sustainability of phase-out programmes.

Comment

99. We would welcome a more detailed report on the paragraphs relating to the incidence of one versus more than one implementing agency on the effectiveness of the MYA implementation, and the link to para 128 (d), which indicates that inadequate coordination has only a 1.6% incidence on the reasons for delays in MYA tranches submissions or approvals.

100. **Response**: The study team started with the suspicion that the involvement of more than one agency would be one of the big hurdles in programme implementation as the saying goes more cooks spoil the broth. However the facts do not come out to substantiate this doubt.

Comments on Phase II:

101. We would like the results of the evaluation of the MYA approach to be useful beyond the evaluation report, for the implementation of the HCFC projects.

102. There are two sets of conclusions: the conclusions of the theoretical study and the "Issues for investigation during phase II of the evaluation" in Annex XV. However, some of the conclusions are not taken up again in the latter, such as, for example, the difficulties relating to the on-line access system of the MYAs or the question of Institutional effectiveness and the duration of IS funding in its relation to HCFC phase out and the relationship between NOUs and PMUs.

103. We would suggest merging the conclusions of the theoretical study and the issues for investigation in phase II in one possible list for phase II while also removing the activities which are not within the mandate of the MLF. In addition, this list should indicate the issues which specifically need field visits in order to be resolved.

104. As far as the list of countries is concerned, it is not clear to us why 11 countries should be visited and how the proposed sample in annex XIV was chosen. We also wonder if the number of field visits couldn't be reduced.

105. **Response**: The evaluation team considered countries that could yield interesting findings and conclusions and took into account the regional distribution of the sample. The number of countries can be reduced.

Comment

106. Regarding general budget considerations, as mentioned by France during the 65th meeting, we would welcome suggestions in order to reduce the total cost of the evaluation of MYAs.

107. **Response**: The total cost will be reduced if the number of countries to be visited is smaller that initially suggested.

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