

C R E A T I N G

A R E A L

C H A N G E

**FOR FURTHER INFORMATION
ABOUT THE MULTILATERAL FUND,
PLEASE CONTACT:**

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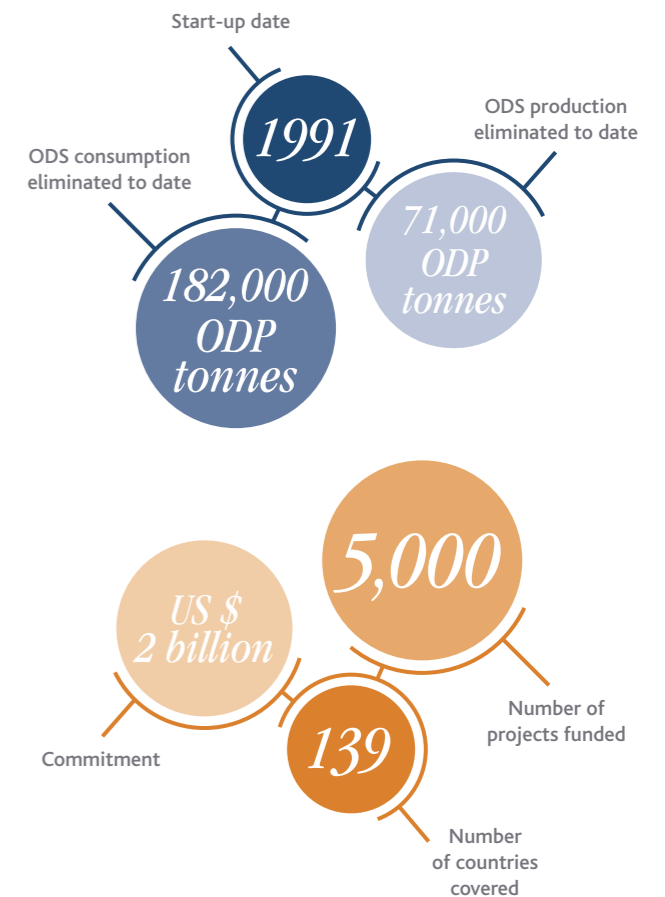
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The Multilateral Fund is an integral part of the global ozone protection accord under the Montreal Protocol. As the financial mechanism of the Montreal Protocol, the Fund manages and disburses financial resources to promote the transfer of technology and to help build capacity in nearly 140 developing countries so that they can achieve the strict phase-out targets for ozone depleting substances (ODS) set by the Montreal Protocol.

FACTS AND FIGURES¹



¹ AS OF 31 DECEMBER 2004

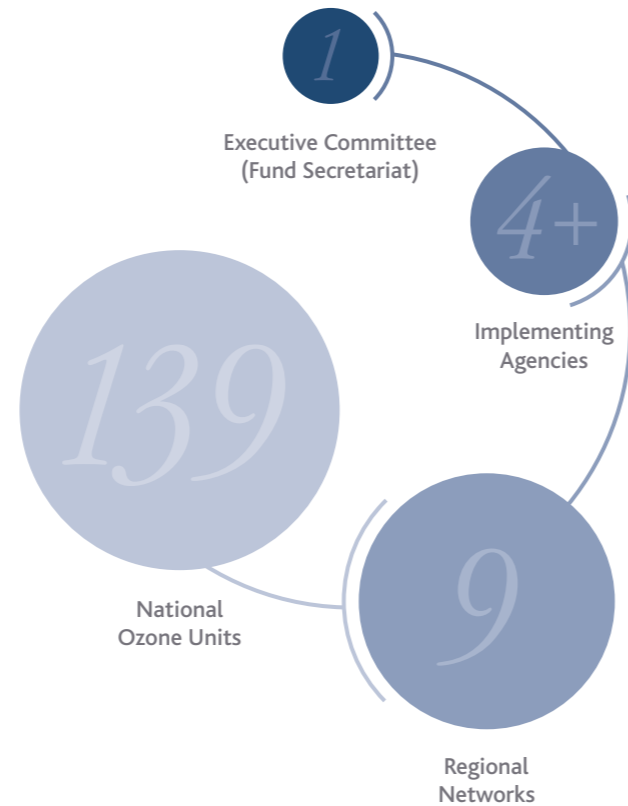
*“We already have one encouraging example showing how **global solutions** can be found. Thanks to the Montreal Protocol on **Substances that Deplete the Ozone Layer**, the risk of harmful radiation appears to be receding – a **clear demonstration** of how global environmental problems can be managed when **all countries** make determined efforts to implement internationally agreed frameworks.”*

KOFI ANNAN
SECRETARY GENERAL OF THE UNITED NATIONS
MARCH 2005

SHARED RESPONSIBILITY IN GOVERNANCE

- The Executive Committee manages the Fund under the authority of the Meeting of the Parties to the Montreal Protocol and is responsible for:
 - > *Developing operational policies and guidelines;*
 - > *Approving business plans and funding requests.*
- The Executive Committee, consisting of seven developing country members and seven developed country members, meets three times per year.
- Member countries are selected each year at the Meeting of the Parties to the Montreal Protocol based on geographic representation.
- Member countries have equal voting rights but the Executive Committee has never voted - decisions are based on consensus.

CAPACITY BUILDING: ASSISTANCE AND ACTIVITIES



- Funding a national ozone unit (NOU) from inception as the anchor for the ozone issue in each country.
- Upgrading developing country capacity for data collection, reporting and programme management.
 - > *Annual data reporting rate is over 90%*
- Funding 9 regional/sub-regional networks to promote regional cooperation and peer support among countries and connecting the 139 NOUs into a global ozone network. This provides an efficient communication channel between Fund management and beneficiary countries.
- Funding a compliance assistance programme on a regional basis to enable closer interaction and problem solving.

INNOVATIVE FUNDING

DEVELOPING FUNDING POLICIES

- An efficient policy development cycle "identifies the issue, develops the draft policy, debates, adopts, applies, and reviews it."
- Ongoing policy development translates the concept of incremental cost into a policy manual with specific operational funding guidelines.

BALANCING EFFICIENCY AND EQUITY

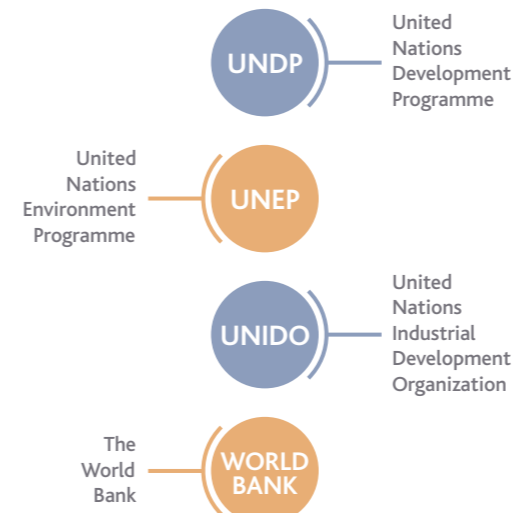
- Cost bench-marking maximizes ODS reduction with available resources. On average phase out of one kilogramme of ODS production costs US \$2.25 and one kilogramme of ODS consumption costs US \$5.34.
- Differentiated treatment for countries with low-volume-consumption of ODS and small-and-medium-sized enterprises (SMEs).

MATCHING COMMITMENT

- Performance-based funding promotes government commitment to compliance supported by long-term funding agreements.
- Fund allocation is flexible within programmes.
- Compliance verification with provision for penalties in cases of default.

MULTIPLE PARTNERSHIPS FOR PROJECT IMPLEMENTATION

- Projects are implemented through partnerships with multi-lateral and bilateral implementing agencies.
- Contributing countries can use up to 20% of their contribution to develop bilateral assistance programmes with developing countries.
- Contractual agreements exist with 4 multilateral implementing agencies:



EFFICIENT AND FLEXIBLE FUND MANAGEMENT

- Option of payment of contributions in local convertible currency under a fixed exchange rate mechanism.
- Option of payment of contributions in promissory notes and cash.
- The Fund status is updated quarterly to indicate the Fund balance prior to making further commitments.
- Bank accounts specially established for the Fund to customize service and to monitor interest return and investment.
- Disbursements are monitored in order to recover and re-programme unused funds from completed projects.
- Out of the US \$2 billion programme, a total of US \$46 million recovered from completed projects has been reprogrammed.

IMPACT ON CURRENT COMPLIANCE WITH THE MONTREAL PROTOCOL

A SNAPSHOT ON CFCs AND HALONS, TWO OF THE MOST SIGNIFICANT ODS¹

	Montreal Protocol requirement	Number of countries meeting the requirement	As percent of total beneficiary countries
CFCs	Freeze on production and consumption - 1999	130	96%
	50% reduction in production and consumption - 2005	99	73%
HALONS	Freeze on production and consumption - 1999	129	95%
	50% reduction in production and consumption - 2005	120	88%

¹ BASED ON 2003 DATA

EFFICIENT PROJECT CYCLE MANAGEMENT

- A rolling three-year ODS phase-out plan to target funding to needs of countries for compliance and to accommodate countries' and agencies' capacity for implementation.
- Annual business planning to maximize project approvals with available funding.
- Use of milestones to monitor project implementation and reduce delay. The average cycle of a Multilateral Fund project from approval to completion is 30 months.
- Performance indicators promote completion and quality of service among implementing agencies working for the Fund.
- Regular evaluations of completed and ongoing projects generate recommendations and lessons learned for further policy development.