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EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-seventh Meeting
Montreal, 24-26 March 1999

**EXPORT TO NON-ARTICLE 5 COUNTRIES: GUIDELINES FOR PROJECT
ELIGIBILITY**

1. The Executive Committee considered at its Twenty-sixth Meeting the attached draft decision (Annex I) which was submitted by India as Conference Room Paper 1. The Executive Committee decided as follows:

- “(a) That it was not in a position to take up the draft decision at the current meeting;
- (b) To put the issue on the agenda of its Twenty-seventh Meeting, at which time the draft decision could be resubmitted.

(Decision 26/44)

2. To facilitate discussion at the Twenty-seventh Meeting, paragraphs 146 and 147 in UNEP/OzL.Pro/ExCom/15/45 are attached as Annex II.

CRP.1

11 November 1998

Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol
Twenty-sixth Meeting
Cairo, 11-13 November 1998

Draft Decision

(Submitted by India)

The Twenty sixth Meeting of the Executive Committee decides:

Noting that the Executive Committee at its 15th meeting has endorsed guidelines that projects submitted for funding where part of the production is exported to non-Article 5 countries be approved on a reduced rate depending on the percentage so exported, and totally disallowed if the percentage exceeds 70%, except where the exports to non-Article 5 countries are in the form of agricultural or fisheries products (Decision 15/45 paragraphs 146 and 147),

Noting that such a decision was taken to prevent an entrepreneur seeking financial assistance from the Fund for the manufacture of industrial products such as refrigerators or air-conditioners in an Article 5 country with components imported from non-Article 5 countries and re-exporting the product to non-Article 5 countries, thus passing the benefit of the assistance to those countries,

Noting that non-industrial products such as agricultural and fisheries products are natural resources of indigenous origin, the exploitation of which is important for the sustenance of the economies of Article 5 countries, and hence exempted from the above restriction,

Noting that there are other similar products of indigenous origin that may not strictly fall within the definition of agricultural or fisheries products, but also need to be exploited and exported to non-Article 5 countries for the development of economies of the countries, which also use ozone depleting substances currently for their growth or manufacture and hence need to be assisted by the Fund for eliminating such uses for protecting the ozone layer,

that the Decision 15/45 of the Executive Committee be amended by inserting the words "or products locally grown or products manufactured with natural raw materials of local origin" after the word "products" in sub-para 5, which will now read as:

"5. Projects where the exports to non-Article 5 countries are in the form of agricultural or fisheries products or products locally grown or products manufactured with natural raw materials of local origin, shall also be eligible for total incremental costs."

Extract from document UNEP/OzL.Pro/ExCom/15/45

“146. The representative of Colombia submitted the following guidelines, which had been agreed by the working group:

"In projects which benefit enterprises that export part of their production to non-Article 5 countries, the following rules shall apply:

1. Where exports to non-Article 5 countries correspond to or are less than 10 per cent of total production, the total incremental costs shall be covered.
2. Where exports to non-Article 5 countries exceed 10 per cent of production but do not exceed 70 per cent, there shall be a reduction equivalent to the percentage of total production represented by such exports less 10 per cent.
3. Where exports to non-Article 5 countries exceed 70 per cent of production, the project shall not be eligible.
4. The average over the three years prior to submission of the project shall be used to determine production and exports to non-Article 5 countries.
5. Projects where the exports to non-Article 5 countries are in the form of agricultural or fisheries products shall be eligible for total incremental costs."

147. The Executive Committee endorsed the guidelines and decided to apply them to the five projects it had approved at the present meeting which had an export component.”