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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-second meeting  
Ouagadougou, Burkina Faso, 6-8 December 2000

**REPORT OF THE CHAIRMAN ON THE SECOND INFORMAL MEETING  
ON STRATEGIC PLANNING OF THE MULTILATERAL FUND IN THE COMPLIANCE  
PERIOD**

1. In pursuance of decision 31/46, the Executive Committee held an informal meeting on strategic planning of the Multilateral Fund at the Ouagadougou International Conference Centre, Ouagadougou, Burkina Faso, on 2 and 3 December 2000.
2. The informal meeting was attended by the following members of the Committee: Australia, Bahamas, Brazil, China, Dominican Republic, Germany, India (Chairman), Japan, Netherlands, Sweden, Tunisia, Uganda and United States of America, as well as representatives of the implementing agencies, the Ozone Secretariat and the Treasurer.

Opening of the meeting (agenda item 1)

3. The meeting was opened at 10.30 a.m. on 2 December 2000 by the Chairman of the Committee.

Adoption of the agenda (agenda item 2)

4. The informal meeting adopted the following agenda:
  1. Opening of the meeting.
  2. Adoption of the agenda.
  3. Background note from the Fund Secretariat.
  4. Report of the first informal meeting.

5. Strategic planning and the draft three-year business plan of the Multilateral Fund.
6. Recommendation to the Executive Committee.
7. Closure of the meeting.

Background note from the Fund Secretariat; Report of the first informal meeting (agenda items 3 and 4)

5. A background note prepared by the Fund Secretariat concerning discussions on strategic planning conducted by the Executive Committee at its 30th and 31st meetings was introduced by the Chairman. Also before the informal meeting was the report of the first informal meeting (UNEP/OzL.Pro/ExCom/31/Inf.5), to which was annexed a paper entitled “Strategic planning: Priorities, problems, modalities and way forward”. The Chairman also invited the attention of the participants to a number of papers on strategic planning by various delegations.

6. Following extensive discussion, it was decided to set up a drafting group to review the annex to the report of the first informal meeting (UNEP/OzL.Pro/ExCom/31/Inf.5) in the light of the views expressed by members of the Executive Committee during the discussion and in the various papers prepared by delegations.

7. The drafting group subsequently reported back to the informal meeting on its discussions and presented a revised version of the annex, which was further discussed in the informal meeting and then endorsed for forwarding to the Executive Committee at its thirty-second meeting.

8. Following the discussion, the participants recommended that at its 32nd meeting the Executive Committee should adopt the “Framework on the objective, priorities, problems and modalities for strategic planning of the Multilateral Fund in the compliance period” annexed to the present report and indicate what further actions were to be taken in that regard.

Strategic planning and the draft three-year business plan of the Multilateral Fund (agenda item 5)

9. A document entitled “Strategic planning and the draft three-year business plan for the Multilateral Fund” (UNEP/OzL.Pro/ExCom/32/38) was presented by the Secretariat. Following a brief discussion on the document, the participants recommended that:

- (a) The Executive Committee should take note of the document entitled “Strategic planning and the draft three-year business plan for the Multilateral Fund” (UNEP/OzL.Pro/ExCom/32/38);
- (b) The status of compliance of Article 5 countries with the control measures of the Montreal Protocol contained in Part I of document UNEP/OzL.Pro/ExCom/32/28 should be carried out annually;
- (c) The document should be presented to the Sub-Committee on Monitoring, Evaluation and Finance for review and action; and,
- (d) The Executive Committee should consider at its 32nd meeting what should be done immediately and in the future in the case of countries for which there were no data, and what the process should be for examining and acting on such information.

Recommendation to the Executive Committee (agenda item 6)

10. The Executive Committee may wish to consider the recommendations contained in paragraphs 8 and 9 above.

Closure of the meeting (agenda item 7)

11. The Chairman declared the meeting closed at 5 p.m. on 3 December 2000.



## Annex

### DRAFT FRAMEWORK ON THE OBJECTIVE, PRIORITIES, PROBLEMS AND MODALITIES FOR STRATEGIC PLANNING OF THE MULTILATERAL FUND IN THE COMPLIANCE PERIOD

#### Objective

The overall objective of the strategic planning is to provide to the Executive Committee, the implementing agencies and the Fund Secretariat the basis for the creation of a number of consistent policies and guidelines which would enhance the effectiveness of the ongoing support to Article 5 countries to enable them to achieve compliance with their obligations under the Montreal Protocol until 2010.

#### Priorities

The Multilateral Fund would give funding priority\* to enable:

- Countries which have existing ODS sectoral phase-out agreements with the Executive Committee (e.g. CFC production, solvent, halons, tobacco, etc.) to implement their annual reduction targets;
- Countries which are experiencing difficulty in implementing their CFC freeze obligation to do so in an expedient manner;
- Countries which may have difficulty in complying with the freeze obligation for halons and methyl bromide in January 2002 to do so;
- Countries to sustain the momentum achieved in their national ODS phase-out programmes so that they will be able to meet the next reduction targets in 2005, including the 85 per cent reduction in CTC, as well as further reduction targets in 2007 and beyond;
- Countries to implement the compliance with the TCA freeze in 2003;
- The maintaining of momentum in countries that are meeting their future obligations;
- Early and accelerated phase-out in countries willing to do so;
- The reduction of the supply of ODS by continuing to address the production sector;
- An appropriate mix of investment and non-investment activities in line with a country's needs to achieve compliance;
- Strengthening of NOUs in national governments under conditions and terms to be negotiated later on.

#### Problems

There is clearly a need to improve on the reliability and accuracy of ODS consumption and production data for business planning and the determination of compliance.

There is an urgent need to reduce the consumption and production of halons and methyl bromide since the freeze obligations for those substances are drawing close.

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\* This listing of the priorities does not necessarily imply any order of importance.

There is an urgent need for contributing Parties to pay their contributions on time under the newly introduced fixed exchange rate mechanism to enable the funding of programmes and projects to assist with compliance.

There is an urgent need to reduce ODS use by SMEs and to address the ODS use of small and micro ODS users as a subset.

There is a need to examine ways to make use of the Multilateral Fund more effectively to take advantage of the accumulation of funds with the implementing agencies and the Treasurer.

There is an urgent need to examine the issues related to fixed shares for implementing agencies, taking into consideration that flexible, rather than fixed, shares might better assist the Article 5 countries in achieving compliance under the Montreal Protocol.

### Modalities

Country-driven and compliance-driven programming should be followed in the compliance period. This should draw fully on the support and expertise of the implementing agencies, including the networks, which have been extensively developed over the pre-compliance period. However, during the compliance period, the role of the country must be much more than approving the submission of projects to the Executive Committee. During the compliance period, the country must establish and develop national goals, policies and actions necessary to ensure compliance, and must direct the agencies to work in specific areas to achieve its national compliance strategic plans.

A national compliance strategic plan may incorporate individual projects, sectoral plans or both. Parties should be fully informed in order for them to make decisions on the appropriate approach.

The additional flexibility in sector plans makes them a choice likely to be preferred, provided that:

- The transition from a project-by-project to a sector approach is given sufficient time and funding in order to allow for careful preparation of sector strategies;
- The Article 5 countries agree to have verification and monitoring activities carried out by independent experts.

In either case, funding must be predicated on a commitment by the country to achieve sustainable, permanent aggregate reductions in consumption and production, as relevant.

There should be a re-examination of the roles and functions of the various stakeholders in the new environment to ensure that, on the one hand, Article 5 countries are being placed in the responsible role of implementing the Montreal Protocol commitments they have assumed and, on the other, the appropriate accountability mechanisms are put in place.

There should be an examination of ways to strengthen the interaction between the Executive Committee and the Implementation Committee, as well as the involvement of the Parties concerned, including the exchange of information in order to address better the situation of possible non-compliance by any Article 5 Party with its obligations under the Montreal Protocol.

In order to assist the developing countries in the planning and implementation of ODS phase-out programmes in an effective manner, the Fund Secretariat and the implementing agencies should compile systematically, possibly drawing upon the regional networks, information and knowledge including know-how and expertise which they have accumulated in implementing sector plans and projects, thus providing Article 5 countries with data to enable them to share such information and know-how with each other.

Article 5 government capacities should be strengthened to be able to plan and manage their national ODS phase-out programmes. In so doing, the results of the institutional strengthening evaluation should be taken into consideration.

Countries should enact regulatory measures to reduce dependence on ODS.

Efforts should be made to enhance public awareness on ODS-related issues.

It is acknowledged that many of the details above need further examination and elaboration. This relates in particular to implementation mechanisms that have to be adjusted and modified to suit the new strategies and modalities.

The plan covers 10 years until the year 2010, although the controls of the Montreal Protocol extend beyond that date. The plan is a dynamic document, which needs to be updated periodically, as required.

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