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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-eighth Meeting  
Rome, 20-22 November 2002

**REPORT OF THE FUND SECRETARIAT ON THE TECHNICAL WORKSHOP ON  
CONCESSIONAL LENDING (DECISION 35/61(d))**

1. This report is submitted by the Secretariat in accordance with Decision 35/61 which requested “the Secretariat and, as appropriate, the agencies to report on the findings of the workshop to the next appropriate meeting of the Executive Committee”.
2. The one-day workshop stayed close to the mandate provided for in the decision of the Executive Committee and focused on the technicalities of how a concessional lending programme could be made to work in a developing country context in general, and in phasing out ODS in particular. This was done by the presentation and discussion of ten case studies; several such studies were introduced by programme managers from the field.
3. It was especially of interest that a first-hand full length report was heard for the first time on the experiences and lessons of the few Multilateral Fund projects which were either financed or managed, on concessional terms. They were chiller replacement projects in Thailand and Mexico, and the on-line lending programme in Turkey. The two chiller replacement projects have been financed by the Multilateral Fund on concessional terms, because the greatly improved energy efficiency of the non-CFC chillers provides building owners with good returns on their investment within a short-span of a few years. As a result, these projects result in net incremental savings, and therefore become “good candidates for concessional loans from resources provided by the Fund or from other funding sources”, as per the decision of the Executive Committee at its 13<sup>th</sup> Meeting.
4. Real life experiences from the two countries where such projects were financed so far indicated that such financing schemes could work, if there was good commitment from the Governments to generate a demand for environment-related lending.
5. The on-line lending programme managed by the Turkish authorities reported satisfactory results in terms of the repayment of the loans by users, and emphasized, however, the importance of local support from the Government. The Government planned to use the funds repaid to cover the elimination of HCFCs and other ODSs in the country.
6. The workshop also heard interesting presentations on the use of concessional lending by organizations both within and without the United Nation system in other development areas.
7. At the close of the workshop, Mr. Tadanori Inomata of the Japanese delegation presented the conclusions of the discussions of the workshop, however, these conclusions did not have the consensus of the participants.
8. UNEP has prepared a full report on the proceedings of the workshop (UNEP/OzL.Pro/ExCom/38/Inf.2) which is being submitted as an information document to the 38<sup>th</sup> Meeting.

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