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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
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**PAPER ON HOW BEST TO REPORT ON THE ODS PHASE-OUT ACHIEVED
WITHIN REFRIGERANT MANAGEMENT PLANS AND THE PHASE-OUT
ACHIEVED IN THOSE OTHER PROJECTS FOR WHICH ODS PHASE-OUT WAS
NOT FULLY REPORTED (FOLLOW-UP TO DECISION 49/7(E))**

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Introduction

1. At its 49th Meeting, during consideration of the Consolidated Progress Report, the Executive Committee requested the Secretariat to provide a brief paper on how best to report on the ozone-depleting substance (ODS) phase-out achieved within refrigerant management plans (RMPs) and the phase-out achieved in those other projects for which ODS phase-out was not fully reported (decision 49/7).

2. The level of ODS phase-out achieved has not so far been reported or approved in a consistent manner, although the commitment represented by the projects, activities and agreements in most cases suggests that the amount of phase-out achieved by the project is greater than that recorded. This paper addresses those projects and activities by project type for which ODS reductions may not have been fully recorded (including a suggestion on how to report phase-out) and concludes with recommendations for the Executive Committee to consider.

RMP/RMP updates

3. At its 31st Meeting, the Executive Committee decided that requests for funding of RMP/RMP updates should be accompanied by *inter alia* a commitment to achieve, without further requests for funding for the RMP, at least the 50 per cent reduction step in 2005 and the 85 per cent reduction step in 2007 (decision 31/48 (c)(iii)). However, RMP activities continued to have phase-out levels approved based on the amount indicated in the project cover sheet, normally associated with only the investment component (typically the recovery/recycling equipment) the calculation of which was based on an estimate of the annual throughput from recycling. Although there was a commitment associated with the RMP/RMP update as a whole, there was no holistic approach to the RMP compared to the subsequent commitments represented by multi-year agreements and TPMPs. Nevertheless, the approval of RMP/RMP updates effectively represents up to 85 per cent of the baseline reported under the Montreal Protocol for the halon control measures.

4. To account for any unrecorded ODS phase-out, the phase-out levels recorded for RMP/RMP updates could be adjusted in the records of the Multilateral Fund to reflect the commitment amount minus any phase-out approved after the 34th Meeting. In cases where there was more than one agency involved in the RMP, the amount of phase-out recorded for RMP/RMP updates could be prorated to all RMP activities based on the level of funding of each individual approval.

Annual tranches of multi-year agreements

5. The first sector-wide phase-out plan (the China halon sector plan) was approved at the 23rd Meeting. In that approval, the Executive Committee specified levels of consumption and production (targets) that China should achieve until total phase-out in 2010 (decision 23/11). Unlike the RMPs, sector and national phase-out plans included in multi-year agreements (MYAs) provided a coordinated approach to achieving the commitments of the country in the agreement. The difference between the target and the previous year's phase-out achievement was considered to be the approved phase-out. Most MYAs use this approach. In any given year, the level of actual phase-out achieved may be different from that approved, but the overall

amount of actual and approved phase-out over the full duration of the multi-year agreement would be the same.

6. In some agreements, the amount of actual phase-out has been assigned but not necessarily on an agency by agency basis. For other agreements, the implementing agencies and the Secretariat have agreed a schedule for actual phase-out. In those cases where the phase-out needs to be recorded for each agency, either an agreement could be reached among the participating agencies, the country concerned and the Secretariat or the phase-out to be recorded for each agency could be calculated on a pro-rata basis according to the level of funding for each agency.

TPMPs

7. Unlike MYAs, the total amount of ODS phase-out represented by the commitment is not typically indicated in the projects and activities included in terminal ODS phase-out management plans (TPMPs). Like MYAs, TPMPs provide a coordinated approach for achieving the phase-out. At its 45th Meeting, the Executive Committee decided that TPMPs should contain the complete phase-out of the consumption of CFCs and any other ODS included therein (decision 45/54(a)(i) and (ii)). TPMPs were developed to address the remaining phase-out after 2007 and are applied mostly to LVCs. In many cases, the level of ODS phase-out recorded was the amount indicated in the project proposal. However, in some cases no ODS phase-out level was recorded, especially in cases where there were multiple multilateral and/or bilateral implementing agencies. Moreover, the approval of TPMPs effectively represents 100 per cent of the baseline reported under the Protocol minus any other phase-out already achieved. Therefore, to account for the phase-out being achieved through TPMPs, ODS phase-out could be calculated on the basis of the baseline reported under Article 7 of the Montreal Protocol for each of the relevant ODS(s) net of the RMP/RMP update phase-out achieved and any other assigned phase-out since the 34th Meeting pro-rated among implementing agencies involved on the basis of the project document or project value.

Halon banking projects

8. In the case of halon projects and activities, a country that has received a halon banking project, is committed to a total phase-out of the Montreal Protocol baseline consumption level. Although the Executive Committee allows for halon banking updates pursuant to decision 44/8(a), the initial halon banking project effectively represents a total phase-out of the Montreal Protocol baseline. Therefore, all initial halon banking projects should be assigned the value of the baseline reported under the Montreal Protocol for halon minus any ODS phase-out achieved since the 34th Meeting. Any ODS phase-out levels could be pro-rated among agencies on the basis of project value. It should be noted that the amount of phase-out indicated in the project may exceed the level of the baseline. This would be the case for example, if the latest consumption had been greater than the baseline. Also, in some cases, halon banking is approved for countries with zero baselines. In these cases, no phase-out would be recorded unless there had been some recent consumption.

Methyl bromide projects

9. For those methyl bromide projects and activities with a commitment of the country for total phase-out, the amount of phase-out would be equal to the baseline reported under the Montreal Protocol minus that covered in any projects approved after the 34th Meeting. A partial phase-out until 2008 would be tantamount to 20 per cent of the baseline. A total phase-out would equal 100 per cent of the reported baseline except in those cases where latest consumption exceeded the baseline. Also, if the baseline is zero, the phase-out would also be zero. In cases of multiple implementing agencies and/or several separate activities, the phase-out could be pro-rated among relevant agencies on the basis of project value.

CTC/TCA projects

10. For carbon tetrachloride (CTC) and methyl chloroform (TCA) projects for countries with low levels or no current consumption, the Executive Committee decided that these could receive technical assistance activities provided an undertaking is given not to seek additional assistance from the Multilateral Fund for phasing out these two substances (decision 45/14(c)). Therefore, such projects represent a total phase-out that would equal 100 per cent of the baseline reported under the Montreal Protocol minus that achieved through any project approved since the 34th Meeting, except in those cases where latest consumption exceeded the baseline or where the baseline was zero. Pro-rating between relevant agencies on the basis of project value could be applied, if needed.

RECOMMENDATIONS

11. The Executive Committee may wish to consider:
- (a) Noting the Paper on how best to report on the ODS phase-out achieved within refrigerant management plans and the phase-out achieved in those other projects for which ODS phase-out was not fully reported (follow-up to decision 49/7(e)) as contained in document UNEP/OzL.Pro/ExCom/50/54;
 - (b) Requesting that ODS phase-outs assigned to RMP/RMP updates, TPMPs, halon banking, methyl bromide, CTC and TCA activities and projects and annual tranches of multi-year agreements should represent the commitments made minus any phase-out already recorded; and
 - (c) Requesting that the ODS phase-out recorded based on subparagraph (b) above could be assigned on a pro-rated basis of the value of the approved activity if not otherwise agreed by the implementing agencies involved, the countries concerned, and the Secretariat.
