



**United Nations
Environment
Programme**



Distr.
GENERAL

UNEP/OzL.Pro/ExCom/60/4
8 March 2010

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixtieth Meeting
Montreal, 12-15 April 2010

**THE OUTSTANDING CONTRIBUTIONS TO THE MULTILATERAL FUND BY THE
RUSSIAN FEDERATION
(DECISION 59/54)**

Background information

1. As at 5 March 2010 the amount outstanding from the Russian Federation in unpaid contributions to the Multilateral Fund stands at US \$103,131,225. This indicates a nil contribution from the Russian Federation to the Fund since its inception. At the last meeting of the Executive Committee in Port Ghalib, Egypt, the issue of the outstanding contributions to the Multilateral Fund from the Russian Federation was addressed under the agenda item "Other Matters". In her presentation of the issue, the Chief Officer recalled that she had discussed the issue of non-payment of contributions by the Russian Federation to the Fund with the representative of the Russian Federation at the 16th Meeting of the Parties held in 2004 in Prague, Czech Republic. She had then reported to the 44th Meeting of the Executive Committee, also held in Prague that the delay in taking a decision on payment of the country's contribution to the Fund was due to the reorganization of ministerial responsibilities within the Government. As a result, the Executive Committee had decided at that Meeting to request the Secretariat to communicate with the Government of the Russian Federation on the issue of its contributions. The Chief Officer had subsequently sent various letters to the Government of the Russian Federation on 14 January 2005, 19 August 2005, 16 December 2005, 13 February 2006 and 12 January 2009. She had also had bilateral meetings with the representative of the Russian Federation during Meetings of the Parties and meetings of the Open-ended Working Group.

2. The response from the Russian Federation to the most recent letter from the Chief Officer, both of which were circulated to the 59th Executive Committee meeting in document UNEP/OzL.Pro/ExCom/59/Inf.3, indicated that the writing off of the accrued arrears in the contributions to the Multilateral Fund, in any form, could have some effect on the adoption of a positive decision by the Russian Ministry of Finance with regard to the payment of the current contributions of the Russian Federation to the Multilateral Fund for the Implementation of the Montreal Protocol. During the 59th Meeting the Chief Officer said that the Secretariat welcomed guidance from the Executive Committee on how to proceed with the issue.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

3. One Member considered that the matter should be dealt with not by the Executive Committee but by the Parties, while another, noting that the response of the Russian Federation had come to Members' attention too late for them to obtain guidance from their capitals, suggested that the matter be deferred for consideration by the Committee at its 60th Meeting, with a view to a decision being taken then as to whether it was a matter for the Meeting of the Parties. Following the discussion, the Executive Committee decided to request the Secretariat to place the matter of the outstanding contributions to the Multilateral Fund by the Russian Federation on the agenda for the consideration of the Committee at its 60th Meeting. Document UNEP/OzL.Pro/ExCom/59/Inf.3 has therefore been reissued as a follow-up to decision 59/54 and attached as Annex 1 to the present document for the Executive Committee members' consideration.

4. At the request of the Secretariat, the Treasurer confirmed that there is no other case whereby the Russian Federation's contributions to a Multilateral Environment Agreement (MEA) have not been made since inception. Further, there is no example of an MEA where one Party's accumulated debt was either forgiven or written off. The Treasurer sent his last invoice and reminder to the Russian Federation on 13 January 2010. Reminders are sent to all Parties with outstanding pledges three times a year. Two more reminders will be sent to the Russian Federation during 2010 if the entire amount is not cleared in the course of this year.

RECOMMENDATIONS

5. The Executive Committee may wish to:

- (a) Take note of document UNEP/OzL.Pro/ExCom/60/4 and Annex I;
- (b) Request the Chief Officer to reply to the letter of the Government of the Russian Federation and convey the Executive Committee's views over the long outstanding contribution from the Russian Federation as expressed at the 60th Meeting; and
- (c) Consider whether to refer the issue of the Russian Federation's outstanding contribution to the Multilateral Fund for consideration by either the next Open-ended Working Group and/or the 22nd Meeting of the Parties to the Montreal Protocol.



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

26 October 2009

Sir,

I wish to acknowledge receipt of your letter of 14 April 2009 pertaining to the issue of the payment of the contribution of the Government of the Russian Federation to the Multilateral Fund for the Implementation of the Montreal Protocol.

Through this letter, I would like to inform you that I had informal consultations with the Russian delegation during the last Open-ended Working Group meeting in Geneva in July 2009 to obtain further clarifications on this issue. As a result, the Secretariat is bringing the content of your letter to the attention of the 59th Meeting of the Executive Committee, scheduled to take place in Port Ghalib, Egypt 10-14 November 2009.

The Secretariat avails itself of this opportunity to renew to the Government of the Russian Federation the expression of its highest consideration.

A handwritten signature in black ink, appearing to read "Maria L. Nolan".

Maria Nolan
Chief Officer

Mr. Stanislav Ananyev
Deputy Minister
Ministry of Natural Resources
and Environment of the Russian Federation
4/6, B. Grouzinskaya str.
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[LETTERHEAD OF THE MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT OF THE
RUSSIAN FEDERATION] 14 April 2009

M. Nolan
Head of the Secretariat
Multilateral Fund for the Implementation
Of the Montreal Protocol on Ozone Depleting Substances

Dear Ms. Nolan,

In response to your letter of 12 January 2009 pertaining to the issue of payment of contributions of the Russian Federation Government to the Multilateral Fund for the Implementation of the Montreal Protocol on ozone depleting substances I would like to convey the following.

As is known, the Montreal Protocol was ratified by the Union of Soviet Socialist Republics (USSR) in 1988. The London amendment to the Montreal Protocol was adopted in June 1990 and became the basis for the establishment of the Multilateral Fund for the Implementation of the Montreal Protocol on ozone depleting substances and, in particular, for providing financial and technical assistance to the developing countries in achieving the goals of the Montreal Protocol. The London amendment was ratified by the USSR in 1991. It should be pointed out that at the time the issue of ratifying the London amendment was considered, the USSR proceeded from the assumption that the contribution to the budget of the Multilateral Fund would be made exclusively by way of rendering technical assistance and transferring the advanced ozone-safe technologies that were then available in the USSR to the developing countries. It was assumed that the contribution of the USSR would be made in non-cash form and as part of bilateral cooperation, as per Article 10.6 of the Montreal Protocol for the Parties not covered by paragraph 1 of Article 1 (developed countries).

However, in August 1991 well-known political developments took place in the USSR which resulted in the disintegration of the country. The USSR ceased to exist on 26 December 1991, and the economic potential throughout the entire post-Soviet space became significantly weaker, which made it impossible to start the implementation of the technical assistance plans for the developing countries within the framework of the Multilateral Fund.

The President of the Russian Federation in his letter of 24 December 1991 informed the UN Secretary General that the Russian Federation as a newly established state would assume the USSR membership in the UN Security Council and all other UN agencies (UNEP received the note in this regard on 31 December 1991).

Based on this premise, the RF Government started the implementation of its obligations under the Montreal Protocol within its jurisdiction. In the period that has elapsed (since 1992) Russia has conducted multifaceted activities aimed at stopping the production of ozone-depleting substances regulated by the Montreal Protocol and a stage-by-stage transition to the substances allowed for the use in industry.

All of these measures were undertaken in a very difficult economic and financial situation in the country, with the 1998 default and its catastrophic consequences. As a result of the efforts on the part of the Russian Government, by 2001 the production of ozone-depleting substances included in the A and B lists of the Montreal Protocol was stopped completely, which required significant additional spending estimated at a total of 0.3 billion USD. It is obvious that against the background of constant deficit of funds and the multitude of tasks facing the country the solution of which was vital for the RF Government the issue of rendering assistance to other countries became quite irrelevant.

Nevertheless, Russia which was from its inception a country with a transition economy (note: from the viewpoint of its economic potential the Russian Federation of the 1990ies was much closer to the developing countries than to the developed ones) as a Party not categorized as operating under Article 5 paragraph 1 of the Montreal Protocol had to pay considerable amounts, as per Article 10.6 of the Montreal Protocol, to the Multilateral Fund, the same way as the industrialized countries, in accordance with the annual dues which in 1994 and 1995 amounted to 11.7 million

USD. By 2009 the total arrears in contributions assessed on the Russian Federation were in excess of 100 million USD. The payment of such an amount for assisting the developing countries in the framework of the Montreal Protocol is a rather daunting task for any country, even an industrialized one.

Pursuant to the obligations of the Russian Federation under the Montreal Protocol the RF Government has repeatedly instructed the RF Ministry of Finance (Minfin of Russia) to examine the possibility of paying the arrears to the Multilateral Fund. Unfortunately, the justifications presented to the Minfin of Russia for allocating such funds from the budget were insufficient for a positive resolution of the issue. The situation with regard to paying the debt and/or the assessed contribution for 2009 in the amount of 1.94 million USD became even more acute at the beginning of the year due to the environment of the global financial and economic crisis and the resulting significant deficit in the Russian Federation budget.

The outcome of the consultations held with the Minfin of Russia in the course of preparing this response does not give us grounds to hope that the payment of the contribution to the Multilateral Fund could start in 2010.

In this connection the Russian Federation Ministry of Finance recommended that we should revisit this issue at a later date. Additionally, it should be pointed out that the writing off, in any form, of the accrued arrears in the contributions to the Multilateral Fund could have a considerable effect on the adoption of a positive decision by the Minfin of Russia with regard to the payment of the current contributions of the Russian Federation to the Multilateral Fund of the Montreal Protocol.

Dear Ms. Nolan, please accept the assurances of my highest consideration.

[signed]



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14 апреля 2009 г.

М. Нолан
Руководителю Секретариата
Многостороннего фонда для осуществления
Монреальского протокола по веществам,
разрушающим озоновый слой

Уважаемая г-жа Нолан!

В связи с Вашим письмом от 12 января 2009 года по вопросу уплаты взносов Правительства Российской Федерации в Многосторонний фонд для осуществления Монреальского протокола по веществам, разрушающим озоновый слой, я хотел бы сообщить следующее.

Как известно, Монреальский протокол был ратифицирован Союзом Советских Социалистических Республик (СССР) в 1988 году. Лондонская поправка к Монреальскому протоколу была принята в июне 1990 года и явилась основанием для учреждения Многостороннего фонда для осуществления Монреальского протокола по веществам, разрушающим озоновый слой, и, в частности, для оказания финансовой и технической помощи развивающимся странам в достижении целей Монреальского протокола. Лондонская поправка была ратифицирована СССР в 1991 году. Следует особо подчеркнуть, что при рассмотрении вопроса о ратификации Лондонской поправки в СССР исходили из того, что взнос в бюджет Многостороннего фонда будет осуществляться исключительно путем оказания технической помощи и передачи имевшихся на тот момент в СССР передовых озонобезопасных технологий развивающимся странам. Предполагалось, что взнос СССР будет осуществляться в неденежной форме и в рамках двустороннего сотрудничества, что предусмотрено статьей 10.6 Монреальского протокола для Сторон, не подпадающих под параграф 1 статьи 5 (развитые страны).

Однако в августе 1991 года в СССР произошли известные политические события, спровоцировавшие распад страны, прекращение существования СССР 26 декабря 1991 года и существенное ослабление экономического потенциала на всем постсоветском пространстве, что привело к невозможности начать реализацию планов по оказанию технической помощи развивающимся странам в рамках Многостороннего фонда.

Президент Российской Федерации своим письмом от 24 декабря 1991 года проинформировал Генерального секретаря ООН о том, что Российская Федерация как вновь возникшее государство будет продолжать членство СССР в Совете Безопасности ООН и всех других органах ООН (нота об этом в ЮНЕП была получена 31 декабря 1991 года).

Исходя из этого, Правительство Российской Федерации приступило к реализации своих обязательств по Монреальскому протоколу в пределах своей юрисдикции. За прошедший период (начиная с 1992 года) в России была осуществлена многоплановая деятельность по прекращению производства озоноразрушающих веществ, регулируемых Монреальским протоколом, и поэтапному переходу промышленности на вещества, разрешенные к использованию.

Все это осуществлялось на фоне очень сложной экономической и финансовой ситуации в стране, дефолта 1998 года и его катастрофических последствий. В результате усилий Правительства Российской Федерации к 2001 году было полностью прекращено производство озоноразрушающих веществ списка А и В к Монреальскому протоколу, что потребовало больших дополнительных затрат, оцениваемых в общей сложности в 0,3 млрд долл. США. Очевидно, что в условиях хронического дефицита средств при многообразии задач, решение которых было жизненно важным для Правительства Российской Федерации, вопрос оказания помощи другим странам утратил свою актуальность.

Тем не менее Россия, являясь с самого начала своего существования страной с переходной экономикой (примечание: по экономическому потенциалу Российская Федерация 1990-х годов оказалась гораздо ближе к ведущим развивающимся странам, чем к развитым), как Страна, не относящаяся к параграфу 1 статьи 5 Монреальского протокола, должна была согласно статье 10.6 Монреальского протокола вносить наравне с развитыми странами в Многосторонний фонд значительные суммы в соответствии с начисляемыми ежегодными взносами, достигавшими в 1994 и 1995 годах 11,7 млн. долл. США. К 2009 году общая задолженность по начисленным взносам Российской Федерации уже превысила 100 млн. долл. США. Выплата такой суммы для оказания помощи развивающимся странам в рамках Монреальского протокола является весьма трудноразрешимой задачей для любой страны даже с развитой экономикой.

Исходя из обязательств Российской Федерации по Монреальскому протоколу, Правительство Российской Федерации неоднократно поручало

Министерству финансов Российской Федерации (Минфин России) рассмотреть возможность уплаты задолженности по взносам в Многосторонний фонд. К сожалению, представленные в Минфин России обоснования выделения таких средств из бюджета оказались недостаточными для положительного решения этого вопроса. Ситуация с уплатой задолженности и/или начисленного взноса за 2009 год в размере 1,94 млн. долл. США ещё более усугубилась в начале этого года на фоне мирового финансово-экономического кризиса и возникшего вследствие этого значительного дефицита бюджета Российской Федерации.

Проведенные в рамках подготовки настоящего ответа консультации с Минфином России не оставляют надежд на то, что уплата взноса в Многосторонний фонд может начаться в 2010 году.

В связи с вышеизложенным Минфин России рекомендовал вернуться к рассмотрению этого вопроса позднее. При этом следует отметить, что списание в любом виде накопившейся задолженности по уплате взносов Российской Федерации в Многосторонний фонд могло бы оказать существенное влияние на принятие Минфином России положительного решения по вопросу об уплате текущих взносов Российской Федерации в Многосторонний фонд Монреальского протокола.

Примите, г-жа Нолан, уверения в моем совершенном уважении.



Станислав Ананьев
Заместитель Министра