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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-fifth Meeting  
Montreal, 5-7 December 2001

Corrigendum

**REPORT OF THE THIRTY-FIFTH MEETING OF THE EXECUTIVE COMMITTEE  
OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE  
MONTREAL PROTOCOL**

This corrigendum is issued to:

- Replace in paragraph 82 (b) (ii) the words “Annex V to this document” with “Annex V to document UNEP/OzL.Pro/ExCom/35/46”.
- Delete in paragraph 83 the word “draft”.
- Replace paragraphs 111 and 112 with the following:

“111. Concerning the funding of institutional strengthening projects and their renewal, it was clarified that an augmentation of funding applied to new such project proposals only, and not to those already approved.

112. After a discussion among several participants, the Executive Committee decided:

- (a) Institutional strengthening: All institutional strengthening projects and renewals shall be approved at a level that is 30 per cent higher than the historically agreed level. This will help countries carry out the new strategic framework agreed, and provide increased support for critical areas such as public awareness. The level of institutional strengthening funding noted above should prevail until 2005 when it should again be reviewed. This proposal would also include a clear commitment that this level of

institutional strengthening or a level close to it should prevail for all Article 5 Parties until at least 2010, even if they should phase-out early. It should also be noted that, in addition to this direct increase in institutional strengthening funding, UNEP will, as agreed in 2000, be provided with US \$200,000/year to support public awareness, and countries will receive enhanced direct support on policy and substantive issues through UNEP's new Compliance Assistance Programme. Finally, it should be noted that countries undertaking national phase-out plans are likely to receive institutional strengthening funding at an even higher level than that anticipated above to facilitate national project implementation, as explicitly agreed in related phase-out agreements.

- (b) Country programme updates: Countries shall be provided with country programme update funding that is 75 per cent of the level originally provided to them to do country programmes. Low-volume consuming countries that have done RMPs will be given 50 per cent of the funding provided to develop their original RMP to do RMP updates, but will not be given funding to do country programme updates. New country programmes should, consistent with existing Executive Committee guidelines, continue to include RMPs.
- (c) Reductions in national aggregate consumption: In the context of the Executive Committee agreement on strategic planning (Decision 33/54 (a)), the Executive Committee agreed that further funding must be predicated on a commitment by the country to achieve sustainable permanent aggregate reductions in consumption and production, as relevant. In implementing this provision, the Executive Committee believes that all Article 5 countries should be treated equally. In that regard, each Article 5 country should select one option from two options below for determining the starting point for implementation of its national aggregate consumption.

### **Option 1**

Montreal Protocol Baseline as reported at the 35<sup>th</sup> Meeting less projects approved but not yet implemented when the baseline was established in 1997, and projects approved since.

### **Option 2**

Latest Reported Data (1999 or 2000) as reported at the 35<sup>th</sup> Meeting less projects approved but not yet implemented.

#### Provisos relating to the decision

A. If an Article 5 country selects option 2, it should be with the understanding that the Executive Committee may agree in exceptional cases to adjust the resulting baseline at the first instance a project from a country is considered, to take into account the demonstrated non-representative nature of the last year's data for reasons such as clearly demonstrated stockpiling in the specific 12-month period, and/or national economic difficulties in the specific 12-month period. In so considering, the Executive Committee shall not take into account illegal imports, as there should be agreement that firms that import illegally, or purchase illegal imports, should not benefit from Fund assistance. In

any case, it must be perfectly clear that only the Montreal Protocol baseline will be used to determine compliance with the Montreal Protocol.

B. It is acknowledged that some future years' reported consumption may go above or below the levels that result from the agreed calculation, but if consumption numbers go above the resulting levels, such increases in consumption would not be eligible for funding. It is further noted that the resulting numbers represent maximum residual ODS that the Fund will pay to reduce, and that existing Fund guidance related to eligibility of projects would be maintained in all respects.

C. It is noted that RMPs and methyl bromide projects lead to a specific commitment of levels of reductions in national aggregate consumption relative to Montreal Protocol obligations, and that halon banking projects often lead to commitment for a total national phase-out and ban on the import of halon. Those projects should continue to be handled on that basis.

D. Institutional strengthening and non-investment activities, including UNEP activities and any country dialogues that may be approved, undeniably contribute to Article 5 reductions in the use of ODS, otherwise, there would be no need to fund these activities. That said, their direct ODS reduction impact has been notoriously difficult to quantify. The Technology and Economic Assessment Panel historically suggested that for methyl bromide, non-investment activities may be five times more cost-effective than phase-out projects, yielding a cost-effectiveness of under US \$4.25/kg. For the purposes of this endeavour, it has been agreed to take a much more conservative stance, and agreed that all future non-investment activities be given a value that is not many times more cost-effective than investment projects, which is at US \$12.10/kg, which is one third as cost-effective as the average investment project approved under the Fund. This should be used as an interim figure until more research can be done on the issue.

E. While countries are still explicitly given the option of proceeding on a project by project or sector/national basis, it should be noted that in the case of broader plans such as production sector plans, RMPs, solvents sector plans, halon sector plans or national CFC phase-out plans, complicated issues such as selecting a starting point and ensuring national sustained reductions become less critical, as the agreements themselves embody a specific commitment to eliminate national aggregate consumption or production of the given substance on a specific schedule.

**(Decision 35/57)"**

- Delete in paragraph 13 of Annex XVI the words "in the above Table".

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