

## OPINION

## MONTREAL OZONE PROTOCOL A SUCCESS STORY MULTILATERAL FUND AND ARAB COUNTRIES

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The Montreal Protocol on Substances that Deplete the Ozone Layer was designed to reduce the production and consumption of ozone depleting substances in order to reduce their abundance in the atmosphere, and thereby protect the Earth's fragile ozone layer. The original Montreal Protocol was agreed on 16 September 1987 and entered into force on 1 January 1989. Article 10 of the Protocol relates to the establishment of a mechanism for the purposes of providing financial and technical co-operation, including the transfer of technologies to developing countries (referred as Article 5 countries under the Montreal Protocol) to enable their compliance with the control measures set out in the Protocol. The financial mechanism is financed by contributions from developed countries (referred as non-Article 5 countries).

The Montreal Protocol is widely considered as the most successful environmental agreement. The Multilateral Fund for the Implementation of the Montreal Protocol (Multilateral Fund) is the first financial mechanism created under an international treaty based on scientific evidence of the depletion of the ozone layer, and established by a decision of the Second Meeting of the Parties to the Montreal Protocol (London, June 1990). The Multilateral Fund is managed by an Executive Committee consisting of seven developing country Parties and seven developed country Parties to the Montreal Protocol, and is assisted in discharging its functions by the Fund Secretariat, located in Montreal, Canada. The Secretariat's first Chief Officer was Dr. Omar El Arini, an Egyptian national, who served in the role from 1991 to 2003.

The Multilateral Fund began its operation in 1991 to assist developing countries, whose annual level of consumption of the ozone depleting substances (ODS) CFCs and halons was less than 0.3 kilograms per capita, to meet their Montreal Protocol commitments through provision of technical and financial assistance. Projects and activities supported by the Multilateral Fund are implemented by four

international implementing agencies, namely the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the International Bank for Reconstruction and Development (World Bank), and a few bilateral agencies. The separation for implementation responsibilities allows the Fund to conduct an objective and rigorous project review procedure and an impartial monitoring and evaluation system to identify problems in implementation and to find solutions to them.

Since the inception of the Multilateral Fund, the Executive Committee has held 80 meetings. Representatives from Arab League countries have attended each of these meetings as Executive Committee members, and have contributed to advancing policies of the Multilateral Fund and the approval of projects for beneficiary countries. Arab League countries have also undertaken prominent roles in the Committee as demonstrated when Tunisia acted as the Vice Chair of the Executive Committee in 2001; Syrian Arab Republic as the Vice Chair in 2005, and the Chair in 2006; and Lebanon as Vice Chair in 2017, and as the Chair in 2018.

Of the 22 Arab League countries, all but two<sup>1</sup> have received funding from the Multilateral Fund. In 2011, all developing countries were in compliance with the 2010 control targets of the Montreal Protocol, and in 2016, almost all (including all Arab League countries) were in compliance with the 2015 control targets.

The Multilateral Fund has been replenished ten times. The total budget for the 2018-2020 triennium is USD 540 million. As of November 2017, of the total pledged contributions to the Multilateral Fund of USD 3.65 billion, USD 3.48 billion had been paid. The Executive Committee has approved the expenditure of approximately USD 3.53 billion for the implementation of 7,874 projects including industrial conversion, technical assistance, training and capacity building that will result in the phase-out of 469,870 ODP tonnes of controlled substances once

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all these projects have been implemented. By the end of December 2016, 488,909 ODP tonnes<sup>2</sup> had already been phased out. As ozone depleting substances (ODS) are also very potent greenhouse gases, reducing emissions of ODS through these projects has also contributed to the protection of the climate.

Since the inception of the Multilateral Fund, Arab League countries have received funding for implementation of 985 projects (172 of which are ongoing) amounting to over USD 269 million to phase out 23,224 ODP tonnes in consumption. This level of funding includes assistance for institutional strengthening support for coordinating national and international efforts aimed at the speedy ODS phase-out, implementation of individual investment projects in various sectors and national phase-out plans, with technical assistance including projects to demonstrate new technologies.

With regard to institutional strengthening support, it was recognized that implementing the Montreal Protocol is ultimately the responsibility of national governments. The Multilateral Fund has therefore provided funding to establish 145 national ozone units within the governments of each recipient developing country to enable them to take ownership of their national ozone protection programme. As of May 2018, funding amounting to USD 19 million has been provided to the 20 Arab League countries for this purpose. In addition, funding has been provided to UNEP's Compliance Assistance Programme (CAP) to operate 10 regional/sub-regional networks to provide a forum to discuss regional issues, tap the expertise of peers, disseminate information and gather feedback on policies of the Multilateral Fund. Arab League countries are members of either the regional network for West Asia or of Africa.

The Multilateral Fund provides financing for the

incremental costs of the phase-out of substances controlled by the Montreal Protocol to enable each of the Article 5 countries to achieve compliance with the Montreal Protocol's phase-out schedules. The funding approved for a country not only takes into account the amount of ODS to be addressed but also the particular situation of a country, for example whether it is a small country that consumes low volumes of controlled substances, or whether it is a country whose economy is based on a multitude of small-and-medium-sized enterprises. Currently, 143 countries<sup>3</sup> are implementing HCFC phase-out management plans (HPMPs) to phase out approximately 60 percent of the aggregated HCFC baseline for compliance. These HPMPs are governed by performance-based multi-year agreements between individual governments and the Executive Committee with each government committing to a series of specific time-bound reductions in HCFCs in return for the Executive Committee's commitment to provide long-term funding. Governments are granted some flexibility in the use of funding to promote national ownership but there is also a requirement to verify the reductions in HCFCs with the possibility of penalties in case of non-compliance with the agreement.

Although ODS substitutes do not deplete the ozone layer, some are greenhouse gases and contribute to climate change. Noting the need to demonstrate climate-friendly and energy-efficient alternative technologies to HCFCs, the Executive Committee decided to consider proposals for demonstration projects for lowGWP alternatives to HCFCs, and established a funding window of USD 10 million and funding criteria. Subsequently, three feasibility studies for district cooling (two of which in Egypt and Kuwait) and 17 demonstration projects were approved: eight projects in the refrigeration and air-conditioning and assembly subsector (five of which from Arab League countries/region (one from Kuwait, two from Saudi Arabia, a global (with a component in Tunisia) and a West Asia<sup>4</sup> regional project); six in the foam sector (three of which from Egypt, Morocco and Saudi Arabia); and three in the refrigeration servicing sector (one of which a global project (with an Eastern Africa component to be implemented in Egypt). The funding approved for these projects in Arab League countries amounts to nearly USD 4.5 million.

With regard to information on HFC consumption and production, at its 80<sup>th</sup> meeting, the Executive Committee considered the overall analysis of the results of the surveys of ODS alternatives in 119 countries<sup>5</sup> including

12 Arab League countries (namely, Bahrain, Comoros, Djibouti, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudi Arabia, Sudan and Tunisia).

At the 80<sup>th</sup> meeting, the Executive Committee approved USD 8,848,900 for the implementation of enabling activities for the phase-down of HFCs in 59 Article 5 countries, including four Arab League countries (namely, Lebanon, Somalia, Sudan and Tunisia), funded from the additional contributions to the Multilateral Fund. At the 81<sup>st</sup> meeting, the Executive Committee will further consider submission of enabling activities in 60 countries including 11 Arab League countries (namely, Bahrain, Comoros, Djibouti, Egypt, Iraq, Kuwait, Libya, Mauritania, Morocco, Oman and Saudi Arabia). With regard to the preparation of national implementation plans to meet initial reduction obligations for the HFC phase-down, funding could be provided, at the earliest, five years prior to those obligations after a country has ratified the Kigali Amendment, and on the basis of the guideline to be approved.

At the 80<sup>th</sup> meeting, the Executive Committee approved USD 3,350,823 for implementation of an investment project to phase out 230.6 metric tonnes (329,801 CO<sub>2</sub>-eq tonnes) of HFCs in one country in the domestic refrigeration sector. At the 81<sup>st</sup> meeting, the Executive Committee will further consider 13 projects including those submitted by Egypt, Jordan, and Lebanon.

The continued progress in developing the most appropriate costs guidelines, the advance in technologies, the strengthening of national stakeholders, and fast actions and determined efforts by all countries and Multilateral Fund institutions will contribute to the continued success of the Multilateral Fund and the Montreal Protocol.

## NOTES

1. The State of Palestine due to its status as non-Party to the Montreal Protocol. United Arab Emirates was urged not to request funding from the Multilateral Fund for the phase-out of their ODS consumption.
2. 284,720 ODP tonnes of consumption and 204,189 ODP tonnes of production.
3. Instead of 144 (Croatia has become a non-Article 5 Party).
4. The demonstration project in West Asia on promoting refrigerant alternatives for high-ambient-temperature countries referred to as PRAHA-II.
5. Of the 127 countries funded.