

The Montreal Protocol

Guidelines for the Swedish Bilateral Programme

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SWEDISH INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY

Department for Natural Resources
and the Environment

The Montreal Protocol on Substances that deplete the Ozone Layer includes a Multilateral Fund to cover "agreed incremental costs" and technical assistance to developing countries.

Up to 20% of the contributions to the Fund by the developed countries can be used for bilateral cooperation, provided that the projects are approved by the Fund's Executive Committee.

Sida has together with the Swedish Environment Protection Agency, SEPA, developed and agreed on the enclosed guidelines for a Swedish Bilateral Programme under the Montreal Protocol.

The guidelines will be used on a trial basis from the present fiscal year.

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GUIDELINES FOR THE SWEDISH BILATERAL PROGRAMME UNDER THE MONTREAL PROTOCOL

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1. The issue of ozone layer depletion

The ozone layer depletion is a global environmental problem, demanding affirmative action in all countries. For a global environmental problem it is indifferent where the pollution sources are located. The degree of environmental harm is only dependant on the amount of ozone depleting substances (ODS) released to the atmosphere. The ozone layer around the globe acts as protective "sunglasses", filtering harmful UV-beams that otherwise damages skin and respiratory functions of humans, animals and crops. The chemicals that deplete the ozone layer are distinguished by being extremely stable, being able to migrate up to the stratosphere without changes underway. That stability is at the same time the primary asset which makes them so useful in various appliances, for reasons of safety and handling.

In the *Montreal Protocol* on Substances that deplete the Ozone Layer, nations around the world have therefore agreed to phase out the production and consumption of ozone depleting substances (ODS) as soon as possible. In the developed countries, most of these substances should have been phased out by 1996, while the developing countries generally are given a 10-14 years grace period. The aim of the Protocol is to phase out the total use of CFCs and other ozone depleting substances.

The Parties to the Montreal Protocol have established a Multilateral Fund to cover "agreed incremental costs" and technical assistance to the developing countries. In the protocol context, these countries are generally referred to as "Article 5 -countries". It is the first international convention in the environmental area to be provided with a funding mechanism, where developed countries have taken upon themselves a responsibility to support the phasing out of ODS in developing countries. Projects under the Fund are generally implemented by one of the four Implementing Agencies, The World Bank, UNDP, UNIDO and UNEP. UNEP is assigned a clearing-house function for technical assistance. At present, the three others mainly focus on investment projects.

In most developed countries, good results have been achieved in all sectors. It is now crucial to support the efforts made by developing countries, otherwise the environmental effect of the successful phase-out achieved so far might be erased by a rising consumption globally. When phasing out the ODS, Sweden firmly believes that transitional alternatives such as HCFCs should be avoided as far as possible.

2.Objectives of the programme

Up to 20% of the developed countries' contribution to the Fund might be used directly for bilateral cooperation, provided that the projects are approved by the Fund's Executive Committee. Sweden has decided to use this possibility of direct bilateral support. The work on ODS issues will be integrated with relevant bilateral cooperation programmes with industry and environmental authorities. These programmes work with institutional strengthening and demonstration of alternative techniques in an integrated manner and utilize commercial driving forces towards more environmentally sustainable solutions. Successful implementation of bilateral projects can support upholding or accelerating, as relevant, the Montreal Protocol reduction requirements at future Meetings of the Parties.

The *overall objective* of the Swedish Bilateral Cooperation Programme within the framework of the Montreal Protocol Funding Mechanism is *to support the process in developing countries in areas of critical importance for a sustainable and cost-efficient phase out of ozone depleting substances (ODS).*

3.Prioritized areas for support

The funds under the Montreal Protocol must be used cost-effectively. Mere investments on the company level has so far not lead to breaking the trend of increased ODS consumption in developing countries. Therefore, non-investment projects play a crucial role, and need increased attention. Capacity building within Article 5 countries must be strengthened. This bilateral programme will put emphasis on *enabling the countries or regions own capacity*. The individual recipient countries plans for phasing out of ODS within the identified problem areas will form the basis for prioritization and identification of assistance under this bilateral programme.

The projects within the bilateral cooperation should focus on supporting and establishing examples of feasible strategies to:

- * Further develop systems,- legislation and/or implementation procedures-, to control and monitor the total ODS consumption.*
- * Control and phase-out the widespread use of ODS refrigerants in stationary and mobile refrigeration and air-conditioning equipment, in particular for service and maintenance.*
- *Control and phase-out the widespread use of ODS solvents, which also partly is difficult even to localize.*
- * Tackle the emerging use of transitional alternatives, such as HCFC*
- * Control and phase out the use of ODS in small and medium scale enterprises (SMEs)*

These to some extent overlapping areas have been identified as the current problems that arise for the long term success for the Montreal Protocol.

4.Criteria for selection of project proposals

Under the overall objective and prioritized areas for support under this programme, projects will be evaluated based on their importance in reducing the use of ODS. The projects should be closely linked to and coordinated with the recipient country's own action plans and need for assistance. The projects should demonstrate practical and environmentally sound solutions.

The following *criteria* should be used for prioritization of proposals:

- * A clear demonstration effect;
- * Useful as model for other countries, sectors, groups of ODS consumers etc;
- * Catalytic impact, i.e. duplication can be achieved without, or with limited, additional support;
- * The project leads to sustainability. Implementation capacity, resources for control and maintenance etc should be secured;
- * The project enables measurable and communicable results;
- * Alternatives introduced that are benign from environmental, human, health and safety point of views;
- * The project builds upon lessons learned and successful results demonstrated in Sweden or elsewhere;
- * Donor and host expertise is available which is deemed appropriate by the host countries,
- * The project could be enforced by Sidas' regular activities

Technical assistance and agreed incremental costs can be covered. Salaries for regular staff should be paid for by the counterpart.

The Swedish bilateral funds under the Montreal protocol are limited, at present 4 million SEK per year. The administration costs and time should be kept on a reasonable level at not exceed what would have been the case if the project had been financed under the multilateral fund. Concentration on a few countries or some specific issues like a model/sector approach could keep this level down. To channel the activities through existing cooperation projects and /or additional activities already prepared for is another way of minimising the administration costs and hopefully also strengthening those activities in return. Countries that are of specific interest with respect to this is i.e. China, India, The Philippines, Vietnam and Chile. Established contacts and a good knowledge of implemented and planned actions will substantially increase the prospects for a successful implementation.

5. Application, approval, organization and implementation procedures

Request for assistance shall be submitted by or through the responsible ODS officer of the country concerned. Applications should be sent to Sida and cover descriptions of the main items listed below in a Project Document. Sida will be responsible for implementing the programme, and reporting of results to the Swedish Government. Sida will also use its regular budget for preparation of proposals to ExCom, amounting to maximum SEK 500 000 per year, and can thereby provide some assistance for preparation of proposals.

The Project Document shall include:

1. A project description, problem analysis, expected results and inputs needed,
2. Analysis of objectives, contributions to the prioritized areas
3. Analysis of participants,
4. Risks and external factors
5. Project organisation and implementation, and
6. Analysis of preconditions for a cost-efficient further development.

A check-list as guidance on how to elaborate these questions is obtainable from Sida upon request. The Project Document should be as comprehensive as possible, preferably not more than ten pages.

The Swedish Environment Protection Agency, SEPA, will act as technical advisor to Sida. Meetings will be held between Sida and SEPA officers for assessing project proposals, results and initially for transfer of knowledge between the two authorities. Sida will also have close contact with Ministries of Foreign Affairs and Environment on policy matters related to the programme.

Proposals approved by Sida will be submitted to ExCom for final decision that the projects can be financed as bilateral projects. ExCom has the responsibility of assessing that the contributions through bilateral co-operation comply with the criteria set out by the Parties for consideration as part of the contributions to the Multilateral Fund. Viable projects, prepared for but not eligible or likely to be approved by ExCom, or in cases where the funds of the programme are exhausted, might be funded by other Sida programmes if deemed appropriate.

The short term results of projects under the Swedish bilateral programme shall be concretely measurable and reported at regular intervals. For non investment projects suitable indicators shall be used. For example it could include to what extent the project results in an accelerated phase-out of the use of ODS in host country/ies (eg above and beyond their committed schedule), if and how the project has influenced the situation in other sectors or countries, and

to what extent the alternatives are environmentally benign and safe, in terms of emissions, discharges and/or exposure, pre- and post implementation.

The long term results shall be primarily measured in terms of ODS phase out on the country level, taking into account however that it will not be possible to clearly differentiate between the effects of the Swedish bilateral project(s) and other activities. This raises the need to estimate the existing and forecasted ODS use in relevant sectors and to specify the current situation with regard to the government's knowledge and control over the ODS use in these sectors.

Reporting requirements will be tailored to the objectives of each project. The recipient country will be requested to report actions taken as a result of the project, e.g. implementation of regulations or administrative orders, establishment of supporting infrastructure, and how these actions after some time have influenced their capability to control and eliminate the ODS consumption in relevant sectors. etc.



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