

OZONE LAYER DEPLETION FOCAL AREA STRATEGY AND STRATEGIC PROGRAMMING FOR GEF-4

I. INTRODUCTION

1. This brochure presents the Ozone Layer Depletion focal area strategy and strategic programming for GEF-4 (2007 – 2010), approved by the GEF Council in September 2007.
2. At the replenishment of the GEF Trust Fund in 2006, the GEF Council requested the GEF Secretariat to review and revise as necessary the strategies for the six focal areas of the GEF, taking into account issues such as sustainable forest management and sound chemicals management.¹
3. In December 2006, the CEO presented to the Council a plan to increase the efficiency and impact of the GEF. A central element of this reform package is to move away from the previous single project interventions towards a more programmatic focus for the GEF. The purpose is two-fold: a) to focus the limited funding resources of GEF-4 on a set of priority issues of global environmental concern; and b) to link projects together to achieve stronger impacts.
4. The strategy for Ozone Layer Depletion presented here is the result of a consultative process involving external advisory groups and contributions from the GEF Council Members, Convention secretariats, GEF agencies, the Scientific and Technical Advisory Panel (STAP) and other GEF partners².
5. The strategy builds on previous GEF achievements and experience with ozone depleting substances. The GEF's goal in the ozone layer depletion focal area is to protect human health and the environment by assisting countries to phase out consumption and production, and prevent releases of ozone-depleting substances (ODS) according to their commitments to the Montreal Protocol phase-out schedules, while enabling energy-efficient alternative technologies and practices. As a consequence of achieving this overall objective, the GEF will also contribute generally to capacity development for the sound management of chemicals.
6. As a step towards a more programmatic approach, strategic programs have been developed in support of the long term objectives. These strategic programs define the GEF's focus during GEF-4. The strategic programs have been selected and defined in view of their importance, urgency and cost-effectiveness from a global environment perspective. Priorities identified by countries, as well as overall guidance from the multilateral environmental agreements and conventions have also been taken into consideration. The strategic programs provide an intermediate link between the project level and the long term objectives of the GEF within the focal areas..

¹ GEF/R.4/32, Policy recommendations for the Fourth Replenishment of the GEF Trust Fund

² Working documents and comments received from GEF partners are accessible at the GEF website www.thegef.org under GEF policies.

7. The long term objectives and strategic programs that are redefined for every replenishment period replace the previous structure of operational programs and strategic priorities. The new structure, summarized for the Ozone Layer Depletion Focal Area in the table below, balances continuity and flexibility and supports the emphasis on results.

Table 1: Long term objectives and strategic programs for the ODS Focal Area in GEF-4

Long-term Objectives	Strategic Programs for GEF-4
1: To phase out production and consumption of ODS	1. Phasing out HCFC and strengthening of capacities and institutions

8. The focal area strategy is aligned with the Results Based Management (RBM) Framework for the GEF, in order to direct the strategies towards tangible global environmental benefits and to enable adequate reporting on the implementation of the strategies. Long-term expected *impacts* on the global environment are assigned to each of the objectives, and intermediate expected *outcomes* are assigned to each of the strategic programs. The projects are thus expected to support the achievement of the impacts and outcomes identified at the programmatic level.

9. Provisional indicators have been identified for each expected impact and for each expected outcome. These indicators will allow a systematic monitoring of the actual achievement of the expected impacts and outcomes. The indicators will be further developed in connection with the Results Based Management for the GEF.

10. The strategy for Ozone Layer Depletion presented here seeks to guide project proponents in countries and in GEF agencies and other GEF partners in preparing and reviewing project proposals for GEF-4. The GEF Secretariat will initiate the development of long term objectives and strategic programs for GEF-5 in 2008 with a view to presenting proposed strategic programming for GEF-5 to the GEF Council at its first meeting in 2009.

II. BACKGROUND

1. Scientific concerns about the depleting effects of halocarbons on the ozone layer in the 1970s were followed by the discovery of the “hole” in the ozone layer over the Antarctic in the 1980s. The international community realized that increased UVB radiation reaching the earth would pose risks to human health (e.g., skin cancers, eye cataracts, weakened immune systems) and the environment (affecting for example plant yields or fisheries). In response, countries negotiated and adopted the Vienna Convention for the Protection of the Ozone Layer in 1985 and the Montreal Protocol on Substances that Deplete the Ozone Layer in 1987.

2. As a result of the implementation of the Montreal Protocol, total consumption of ODS has dropped by more than 90 percent in terms of their ozone-depleting potential (ODP). This has prevented an estimated doubling of the UVB radiation reaching the

earth in the northern mid-latitudes by the year 2050. The GEF has contributed by facilitating a large drop in consumption and production of ODS in countries with economies in transition (CEITs). However, further efforts are required to ensure that the recovery of the ozone layer is not delayed.

Eligibility

3. The 1995 operational strategy provides that “although the GEF is not linked formally to the Montreal Protocol, the GEF operational strategy in ozone depletion is an operational response to the Montreal Protocol, its amendments, and adjustments.” Therefore, the GEF finances activities in eligible CEITs that are not eligible for funding under the Multilateral Fund of the Montreal Protocol. Further, operational policies for financing activities in the ozone depletion focal area are consistent with those of the Multilateral Fund, to the extent that these are consistent with other GEF policies.

4. Countries must have ratified the Copenhagen³ amendment to the Montreal Protocol to be eligible for investments to phase out consumption of hydrochlorofluorocarbons (HCFCs).

III. STRATEGIC OBJECTIVE

5. The GEF’s goal in the ozone layer depletion focal area is to protect human health and the environment by assisting countries to phase out consumption and production and prevent releases of ODS according to their commitments to Montreal Protocol phase-out schedules, while enabling low-GHG (Greenhouse Gas) alternative technologies and practices. As a consequence of achieving this overall objective, the GEF will also contribute generally to capacity development for the sound management of chemicals.

6. The long term impact of GEF interventions is to contribute to the recovery of the ozone layer. The indicator for this recovery is a return to pre-1980 ozone levels. This global level indicator is being tracked by the Scientific Assessment Panel under the Montreal Protocol.

7. The strategic objective of the GEF under the ozone depletion focal area, in the mid-term and spanning a number of replenishments, is to assist eligible partner countries to implement their obligations under the Montreal Protocol, including to phase out production and consumption of ODS (see Table 1).

Table 1: GEF Strategic Objective in the Ozone Depletion Focal Area

Strategic Objective	Expected impacts	Indicators
To phase out production and consumption of ODS	GEF-supported countries contribute to the reduction of the overall load of ODS in the stratosphere	GEF-supported countries are in compliance with their obligations under the Montreal Protocol

³ As well as the Beijing amendment in the case that production would also be addressed by GEF-4.

IV. STRATEGIC FOCUS IN GEF-4

8. GEF-1 and GEF-2 efforts focused on supporting eligible CEITs to meet their obligations under annexes A and B of the Montreal Protocol for phasing out the use and production of chlorofluorocarbons (CFCs), halons, and carbon tetrachloride (CTC). GEF-3 efforts turned to supporting these countries in achieving the total phase-out for methyl bromide (MeBr), and the projects currently underway are expected to support eligible countries to meet their commitment in this regard. Moving ahead, activities under GEF-4 will be marked by the initiation of GEF work on phasing out HCFCs.

9. In helping to develop capacities in countries to implement the Montreal Protocol, such as through the development of trade and licensing systems to control the movement and prevent illegal trade in ODS, GEF-supported interventions have also contributed to the development of capacities that can benefit other chemicals-related agreements such as the Stockholm Convention, as well as the sound management of chemicals more generally. The GEF will further promote nesting ODS-related activities in a country's framework for the sound management of chemicals, as well as seeking synergies with the climate regime through gains in energy efficiency and use of low-GHG alternative technologies and substitutes.

10. Looking towards GEF-5, GEF assistance could be required to support some eligible countries in meeting the 2015 HCFC 90 percent consumption phase-out step, as well as in addressing any new strengthening of obligations that the Parties might adopt, for example regarding HCFC production and consumption or previously exempted uses.

V. STRATEGIC PROGRAM IN GEF-4

Strategic Program 1: Phasing Out HCFCs and Strengthening of Capacities and Institutions

11. *Objectives:* For the period of GEF-4, the GEF will assist eligible countries in meeting their HCFC phase-out obligations under the Montreal Protocol⁴, and strengthening capacities and institutions in those countries that still are faced with difficulties in meeting their reporting obligations.

12. *Outcomes:*

- (a) HCFCs are phased-out according to Montreal Protocol schedule, or faster, in GEF-eligible countries

⁴ At its May 2004 meeting, the Council agreed "to provide project preparation financing (PDFB) to South Africa to develop a project proposal for phasing out methyl bromide without prejudice to a later discussion and decision on financing of the project." The Council noted that "this provision of financing to South Africa for purposes of the Montreal Protocol is being done on an exceptional basis, recognizing the historical situation of South Africa and...should not be viewed as establishing a precedent." South Africa might therefore come forward with a request for funding for MeBr phase-out for decision by Council during GEF-4.

- (b) GEF-eligible countries meet their reporting obligations under the Montreal Protocol

13. *Indicators:* Three indicators will be used to track progress in the ozone depletion focal area through the GEF-4 replenishment:

- (a) ODP adjusted tons of HCFCs phased-out from consumption (GEF-4 replenishment target: HCFCs: 50-70⁵ ODP tons)
- (b) Percentage reduction in HCFC consumption in the participating countries
- (c) Percentage of GEF-funded countries that meet their reporting obligations under the Montreal Protocol

14. *Scope:* The Montreal Protocol mandates a target of 65 percent consumption⁶ phase out of HCFCs by 2010. Based on the data available at the time of writing, most countries in the CEIT region appear on target, in large part due to economic restructuring. In the countries that do require GEF support, operational considerations suggest that the projects should lead to complete consumption phase out in these countries⁷, to the extent technologically possible and cost-effective when taking into account climate change benefits resulting from gains in energy efficiency. Preference will be given to low-GHG technologies and substitutes in order that the projects reduce the overall emissions of GHG.

15. Activities to enable compliance and reporting will also be supported, including awareness raising and training. Efforts will be promoted to nest these activities within a country's framework for the sound management of chemicals⁸. This will also support GEF partner countries in ensuring that any residual amounts of CFCs used or produced are phased out according to expectations. Finally, in view of the potential benefit for other parties, the GEF will encourage dissemination of experiences and lessons learned and the promotion of regional cooperation between the GEF-eligible, Article 2 CEIT countries and their neighbouring Article 5 countries. The GEF will retain the flexibility to respond to policy evolutions under the Montreal protocol, for example regarding metered dose inhalers transition strategies or the destruction of unwanted ODS.

⁵ Representing approximately 750-1000 metric tons of HCFCs.

⁶ Few of the GEF-eligible countries have ratified the Beijing amendment that sets control measures for the production of HCFCs. Those that have are meeting their obligations to freeze their production at base level.

⁷ The country surveys supported by the Multilateral Fund in Article 5 countries and completed in March 2007 will provide valuable information to support the development of GEF projects in CEITs. These surveys will be completed by a GEF Medium Size Project (MSP) to support the development of country strategies in CEITs.

⁸ This constitutes an operational response to the amendment of the GEF Instrument (Article 1, Paragraph 3, as amended in 2004) that provides that "the agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the [six] GEF focal areas shall be eligible for funding."

16. *Priority Countries:* On the basis of data available from the Ozone Secretariat, two countries in the region⁹ would require assistance in meeting the target of 65 percent consumption phase out by 2010. The countries of Central Asia are principally targeted for institutional strengthening. In order to ensure sustainability of GEF-supported interventions, countries are expected to demonstrate a willingness to continue support for the institutions so strengthened. Countries must also demonstrate a willingness to adopt the policies necessary for long-term sustainability, including policies that prohibit the replacement of ODS by fluorinated GHG when technologically feasible.

17. *Types of Projects:* Projects to be implemented under this objective will include a mix of enabling-type activities and projects largely oriented towards technical assistance and capacity building, along with some investments. Taking into account countries' priorities under the Resource Allocation Framework (RAF), the planned investment projects will seek to be integrated with energy efficiency interventions supported under the climate change focal area, thereby maximizing synergies towards ODS and GHG abatement benefits.

Table 2: Strategic Program for GEF-4 Financing under the Ozone Depletion Focal Area

Strategic Program	Expected outcomes	Indicators
Phasing out HCFCs and strengthening of capacities and institutions	(a) HCFCs are phased-out according to Montreal Protocol schedule in GEF-eligible countries	ODP adjusted tons of HCFCs phased out from consumption (50-70) Percentage reduction in HCFC consumption in the participating countries
	(b) GEF-eligible countries meet their reporting obligations under the Montreal Protocol	Percentage of GEF-funded countries that meet their reporting obligations under the Montreal Protocol (75%)

VI. INTERLINKAGES WITH OTHER FOCAL AREAS

18. The ozone focal area has strong linkages with the persistent organic pollutants (POPs) and the climate change focal areas. The POPs focal area addresses different but not unrelated halogenated compounds. Capacities built to manage ODS – for example, regarding trade and licensing – can be harnessed to manage POPs and vice-versa. Specific technologies suitable for the destruction of CFCs are also suitable for the destruction of polychlorinated biphenyls (PCBs), for example.

19. As noted above, for investments to phase out HCFCs, preference will be given to low-GHG technologies and substitutes in order that the projects reduce the overall emissions of halogenated gases. Furthermore, projects will seek to be integrated with

⁹ Since the pertinent European Union (EU) legislation imposes stricter obligations on EU member states than does the Montreal Protocol, no funding for EU member states is foreseen (Regulation (EC) No 2037/2000 on substances that deplete the ozone layer).

energy efficiency interventions supported under the climate change focal area in the participating countries, thereby maximizing synergies towards ODS and GHG abatement benefits.

21. In addition, linkages exist with programming under the climate change focal area, with the Energy-Efficient Building and Energy Efficiency in Industry strategic programs. Consistent with the GEF's approach to "chemical-proofing" its portfolio, and where it makes sense to do so, GEF projects in these strategic programs can support the phase-out of HCFCs used in chillers and refrigerators, and used in the food processing industry, respectively.