

GEF Council Meeting
May 25 – 27, 2014
Cancun, Mexico

**STRENGTHENING THE RELATIONSHIP BETWEEN THE GEF
SECRETARIAT AND THE SECRETARIAT OF THE MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

OBJECTIVE

1. This information paper is being put forward to the Council to inform it of the intention of the GEF Secretariat to revisit the cooperation with the Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol (MLF Secretariat).
2. The collaboration between the GEF Secretariat and the MLF Secretariat on the implementation of the Montreal Protocol has been defined by a note of staff cooperation between the MLF Secretariat and the GEF Secretariat, of 6 July 1995 (Annex 1).
3. This staff cooperation has led to a positive cooperation in regard to the work of the GEF on the Montreal Protocol whereby the MLF Secretariat has provided and assisted with the review of project proposals submitted to the GEF under the ODS focal area. This staff cooperation framework continues to be relevant to the work of GEF-6 on the phase out of ODS in eligible countries with economies in transition (CEIT).

BACKGROUND

4. The Second Meeting of the Parties to the Montreal Protocol established for the three year period from 1 January 1991 to 31 December 1993 or until such time as the Financial Mechanism is established, an Interim Financial Mechanism for the purposes of providing financial and technical cooperation, including the transfer of technologies, to Parties operating under paragraph 1 of Article 5 of the Montreal Protocol (referred to as Article 5 Parties) to enable their compliance with the control measures set out in Articles 2A to 2E of the Protocol (decision II/8).
5. The Fourth Meeting of the Parties established the Financial Mechanism, including the MLF provided for in Article 10 of the Montreal Protocol as amended at the Second Meeting of the Parties, and made the MLF operative from 1 January 1993 and transferred to it any resources remaining in the Interim MLF on that date (decision IV/18). This decision was endorsed by the UNEP Governing Council in 1993 through paragraphs 10(b) and (c) of decision 17/39, which approved the change of name of the Trust Fund for the MLF under the Montreal Protocol, formerly known as Trust Fund for the Interim MLF and approved the extension of the Trust Fund to have an open expiry date.
6. The Sixth Meeting of the Parties clarified the nature and legal status of the MLF as a body under international law. With regard to juridical personality, the MLF shall enjoy such legal capacity as is necessary for the exercise of its functions and the protection of its interests, in particular the capacity to enter into contracts, to acquire and dispose of movable and immovable property and to institute legal proceedings in defence of its interests (decision VI/16).
7. GEF operates (on the basis of collaboration and partnership among Implementing Agencies) as a mechanism for international cooperation to meet incremental costs of measures to achieve global environmental benefits (GEF instrument, paragraph 2). Ozone layer depletion is defined as one of the GEF focal areas (paragraph 2 d). The ODS focal area will be streamlined into a new Chemicals and Waste Focal Area in GEF 6.
8. Between 1991 and 2010 the primary group of substances being phased out was chlorofluorocarbons (CFCs) and, to a lesser extent, other ODS (i.e., halons, CTC, TCA and methyl bromide). As CFCs were phased out, countries transitioned to alternative chemicals, including HCFCs. During this period, the GEF committed to funding projects for the phase out of ODS for CEIT through the chemicals focal area. At their 19th Meeting in 2007, the Parties to the Montreal Protocol decided to adjust the Protocol to accelerate the phase out of HCFC. In

making this decision, the Parties were encouraged to promote the selection of alternatives to HCFCs that minimize environmental impacts, in particular impacts on climate, as well as meeting other health, safety and economic considerations (decision XIX/6).

9. Since adoption of decision XIX/6, the MLF is funding the eligible incremental costs for the replacement of HCFCs in Article 5 countries to alternative technologies. Countries wishing to increase the climate co-benefits accrued by their MLF projects, can apply (if they wish to do so) for funding from the GEF and/or other sources. As an example, during the phase out of HCFCs used in the manufacturing of refrigeration and air-conditioning equipment funded by the MLF, a few Article 5 countries had already decided to transition to more energy efficient equipment and applied for GEF climate mitigation resources (from the STAR allocation) to achieve both ozone and climate benefits. Such an approach was encouraged by the GEF council (GEF/C.42/Inf.09).

10. It is, therefore, anticipated that under Program 5 of the GEF-6 chemicals and waste focal area, in addition to completing the phase out of ODS in CEITs, there could be an opportunity to assist Article 5 countries to achieve climate mitigation benefits, which would be an emerging area of work for the chemicals and waste focal area.

11. The GEF and MLF project cycles are different. The projects that seek GEF financing to capture the climate co-benefits from MLF funded projects are approved by the Executive Committee of the MLF. However, there is no established procedure for transmitting information to the GEF on projects approved by the Executive Committee, including those projects flagged for GEF funding. In this regard, the GEF Secretariat sees the benefit of considering options, including draft guidelines and/or procedures that could facilitate the submission of MLF funded projects to the GEF so that countries and the GEF Implementing Agencies have a clear path for doing so.

WAY FORWARD

12. The GEF Secretariat will initiate consultation with the MLF Secretariat to update the staff cooperation framework, and consider other steps to facilitate the collaboration between the two Secretariats.

ANNEX

Annex 1. Note on Staff Co-Operation between the Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol and the GEF Secretariat

**GLOBAL
ENVIRONMENT
FACILITY**

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MOHAMED T. EL-ASHRY
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN

July 10, 1995
(Fax: 514-282-0068)

Dr. Omar E. El-Arini
Chief Officer
Multilateral Fund
Montreal, Canada

Omar
Dear Dr. El-Arini:

I am pleased to share with you a note on staff cooperation between our Secretariats that reflects all suggestions you made on our original proposal.

I hope fruitful co-operation between our staff will continue on the basis of this note in order to facilitate implementing the objectives of the Montreal Protocol and the Global Environment Facility.

Sincerely,

M. El-Arini

W. El-Arini
Attachment: Note on staff cooperation

→ Montreal Protocol

July 6, 1995

STAFF CO-OPERATION
between
SECRETARIAT OF THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
AND THE
GEF SECRETARIAT

Introduction

1. According to paragraph 21(e) of the *Instrument for the Establishment of the Restructured Global Environment Facility* the GEF Secretariat "shall coordinate with the Secretariats of other relevant international bodies [including] the Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol. At its Sixteenth Meeting in Montreal, March 15-17, 1995, the Executive Committee of the Multilateral Fund to the Montreal Protocol also gave its Chief Officer a mandate to collaborate with the Secretariat of the Global Environment Facility. Staff of the two secretariats have met and have agreed to work out arrangements for collaboration, as described below.

Background:

2. The Vienna Convention for the Protection of the Ozone Layer, 1985 (Art.2) obliges Contracting Parties to take appropriate measures to protect the human health and the environment against adverse effects resulting from human activities which modify the ozone layer. The Montreal Protocol on Substances that Deplete the Ozone Layer, 1987, as amended and adjusted, outlines differentiated obligations of developing country Parties (those operating under Art.5, para 1) and developed countries Parties (those not operating under Art. 5, para 1) to implement control measures (Art.2) for phasing out ozone depleting substances. It describes the responsibilities of Parties to report data (Art. 7) and it introduces procedures and institutional mechanisms for determining non compliance and related actions.

3. At their Second Conference, in London 1990, the Parties established an *Interim* Financial Mechanism including a Multilateral Fund to provide technical and financial assistance and to meet all agreed incremental costs of Parties operating under Art. 5.1, (Dec. II/8). The Fourth Conference of the Parties to the Montreal Protocol established the Financial Mechanism itself. To achieve the objectives of the Multilateral Fund, an Executive Committee was also established (Montreal Protocol Art. 10.5), with a Secretariat to assist it in the discharge of its functions.

4. GEF operates (on the basis of collaboration and partnership among Implementing Agencies) as a mechanism for international cooperation to meet incremental costs of measures to achieve global environmental benefits (GEF Instrument, paragraph 2). Ozone layer depletion is defined as one of four GEF focal areas (paragraph 2 d).

5. The GEF Secretariat is preparing, for GEF Council approval, a long-term operational strategy for all GEF focal areas, including ozone layer depletion. Until such a long-term strategy is adopted, GEF will operate according to the *Guidance for Programming GEF Resources in 1995*, as adopted by the GEF Council at its Second Meeting (GEF/C/2/5). This requires that GEF fulfill a complementary role to that of the Multilateral Fund of the Montreal Protocol. In accordance with this *Guidance*, the GEF Operations Committee advises the CEO on projects proposed for GEF financing.

Cooperation

6. With the view to facilitate the protection of the ozone layer and to maintain consistency and complementarity of activities within their respective mandates, the Secretariat of the Multilateral Fund and the GEF Secretariat therefore agree to

- Share project data. The GEF Secretariat shall provide opportunities for the Multilateral Fund Secretariat to comment on the technical, scientific, and economic aspects of proposed GEF ozone projects. The GEF Secretariat will therefore provide the project documents for proposed ozone projects to the Secretariat of the Multilateral Fund at the same time and in the same manner as it does to its Implementing Agencies prior to meetings of the GEF Operations Committee. The GEF Secretariat will provide additional information on projects as requested, to facilitate comments by the Fund Secretariat. Furthermore, the GEF will make arrangements so that the Fund Secretariat will have the opportunity to observe the relevant GEF Operations Committee meetings where these projects are discussed. The Fund Secretariat may observe these meetings at its own discretion and at its own expense.
- Inform each other about existing and proposed policies and strategies, decisions of their respective governing bodies, program priorities, eligibility criteria, projects, and country programs. All documents pertaining to meetings of the GEF Council will be sent to the Fund Secretariat at the time these are distributed to GEF Council Members; likewise all documents pertaining to meetings of the Executive Committee will be sent to the GEF Secretariat at the same time as they are sent to Committee Members. The Fund Secretariat will also provide the GEF Secretariat with a consolidated statement of relevant Fund policies, once this is available. Likewise, GEF will

share documents concerning the development of its operational strategy in the ozone focal area.

- Share operational experience. From time to time, and on request, the two secretariats will exchange documents and other information on the operational aspects of specific projects or on the operations of the Implementing Agencies of either the GEF or the Fund.
- Invite each other to observe the meetings of their respective governing bodies and to attend other meetings of mutual interest.
- Share information and experience on the reporting of administrative, project preparation, and project development costs. The purpose of this information sharing will be to coordinate better the funding to the Implementing Agencies, where staff are engaged in activities for both the GEF and the Fund. As an initial step, GEF will provide its policy papers on administrative costs, the project cycle, the Project preparation and development Facility (PDF), and information on the Administrative Budget of the Implementing Agencies in regard to the preparation and implementation of ozone projects. The Fund Secretariat will reciprocate.
- Consult on matters of mutual interest. Consultations will preferably be scheduled at or around the time of Executive Committee or GEF Council Meetings.