



United Nations Environment Programme

برنامج الأمم المتحدة للبيئة • 联合国环境规划署

PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT • PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE
ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Your reference:

Our reference: OzL./GEF/MAG/lm

Date: 22 April 2004

Dear Mr. Good,

Subject: Request of South Africa for assistance from GEF to phase out Methyl Bromide, an Ozone Depleting Substance (ODS)

I invite your kind attention to your letter of 5 March regarding the decision on Agenda item 7 of the meeting of the GEF Council held in November 2003. I submit the following for your kind consideration and the consideration of the members of the GEF Council at its meeting of May 2004.

1. Assistance to Developing Countries for implementing the Ozone Agreements

The ozone agreements – the Vienna Convention for the Protection of the Ozone Layer (1985) and the Montreal Protocol on Substances that Deplete the Ozone Layer (1987) – have the objective of protecting the stratospheric ozone layer by phasing out the emissions of about a hundred man-made ozone-depleting substances (ODS). A total of 186 governments, including almost all the developing countries, have ratified the agreements and have been implementing them successfully. These agreements introduced a specific condition necessary for ensuring that the economic growth of developing countries is not hampered by the implementation of a global environmental treaty designed to solve specific global problems. These conditions were (a) a grace period for developing countries to implement the control measures on ozone depleting substances and (b) financial and technical assistance for meeting the incremental costs of phase out of the ODS. A Multilateral Fund was established, supported by contributions from developed countries, to meet the incremental costs. This fund has so far given out more than a billion and a half US dollars to the developing countries, enabling them to implement more than 3,000 projects to phase out ODS by introducing alternative technologies.

Mr. Leonard Good
Chief Executive Officer and Chairman
GEF Secretariat
1818 H Street, NW
MSN G-6-602
Washington, DC 20433
U.S.A.

Fax: (+1-202) 522-3240

The Global Environmental Facility, established in 1991, has ozone depletion as one of its focal areas and has assisted many countries such as the Russian Federation and countries of the former Soviet Union and of the Eastern Europe, not eligible for Multilateral Fund assistance, for phasing out ODS.

The assistance of the Multilateral Fund and the GEF has resulted in excellent results so far in reducing the consumption of the ozone depleting substances. A key conclusion of the Scientific Assessment Panel report of 2002 was that the abundances of ODS peaked during the 1992-1994 period and are continuing to decline. Furthermore, the stratospheric abundances of ozone-depleting gases were at or near peak levels. The Montreal Protocol has resulted in the decline of the concentration of ozone depleting substances in the atmosphere, but further reductions and compliance with the Protocol is essential in order to secure the recovery of the ozone layer.

There is therefore a need to continue the assistance to countries in specific cases so that the goal of phase out of the ozone depleting substances is achieved in the time frame set by the Montreal Protocol. The request of South Africa to the GEF for assistance is made within this context.

2. Why is South Africa approaching the GEF, and not the Multilateral Fund, for assistance?

The Montreal Protocol recognized, in 1989, all countries of G-77 (A group of developing countries, known as Group of 77 in the United Nations), Albania and China as developing countries. Of these countries, only those whose per-capita consumption of ODS is less than the limits specified in Article 5 of the Protocol (called hereafter "Article 5 Parties") are eligible for the grace period and assistance from the Multilateral Fund. A developing country with consumption higher than the limits specified in Article 5 would be classified as not operating under Article 5 and would not be eligible for the grace period and financial assistance. That country could be reclassified as operating under Article 5 as and when its consumption falls below the limits specified under Article 5.

The 6th Meeting of the Parties decided in 1994 that developing countries, initially classified as not operating under Article 5 but subsequently so classified, should be urged not to request assistance from the Multilateral Fund even if they reduce their consumption subsequently to the levels specified in Article 5. South Korea and Singapore are examples of such countries initially classified as not operating under Article 5 but subsequently classified as operating under Article 5. Neither of these two countries have sought or received support from the Multilateral Fund.

By 1989, South Africa, due to its national policies, was expelled from the UN and was not admitted to the Group of 77. Hence, it was not classified as a developing country in 1989, and was therefore treated in the same manner as developed countries for the purposes of the Protocol. In 1997, on a request by South Africa, the Meeting of the Parties to the Montreal Protocol recognized South Africa as a developing country noting that:

- UNDP and OECD recognize South Africa as developing country.
- South Africa is regarded as a developing country by all other international environmental agreements where this distinction is made.
- South Africa's consumption of ODS is less than the limits specified in Article 5.
- South Africa has agreed not to request financial assistance from the Multilateral Fund for fulfilling commitments undertaken by developed countries prior to the ninth meeting of the Parties in 1997.

South Africa is therefore not eligible for Multilateral Fund Assistance due to the earlier decisions of the Meetings of the Parties to the Montreal Protocol, as cited above. It does however fulfill the criteria for GEF assistance and, indeed, is receiving GEF assistance for other focal areas-applying to the GEF. Ozone depletion is one of those focal areas and GEF has assisted many other countries, not eligible for Multilateral Fund assistance, for phasing out ODS.

South Africa is successfully carrying out the phase out of all the ozone depleting substances without so far seeking any assistance. It requested assistance for a research project to establish the viability of alternatives to Methyl Bromide for various crops in various soil types and agro-climatic regions. The Multilateral Fund has declined to assist in view of the decisions of the Meeting of the Parties in 1994 and 1997, and would only be able to do so if Parties agreed to reverse previous decisions, setting a dangerous precedent for reopening issues on other areas of the Protocol. Also any reversal of these decisions by the Meeting of the Parties could invite numbers of applications from other countries in a similar situation as South Africa. The donors to the Multilateral Fund are the Parties not classified as developing and they are also the major donors to the GEF. That is one of the reasons why the Parties to the Protocol recommended, in decision XV/49 of their Fifteenth Meeting held in November 2003, assistance to South Africa by GEF as an exceptional case. Without such assistance South Africa would not be able to comply with the control measures on methyl bromide.

3. What are the activities that need to be undertaken and what are the costs?

- South Africa has to phase out about 1000 tonnes of Methyl Bromide by the year 2015, beginning with a freeze in 2002 and a 20% reduction in 2005. About 750 tonnes are used as soil fumigant and pesticide in agriculture.
- Methyl Bromide is used in high value agriculture, such as vegetables, apples, flowers and strawberries, which is a significant part of the economy of South Africa.
- South Africa has taken many regulatory steps to reduce consumption of methyl bromide.

- There are many identified alternatives to methyl bromide in use in other parts of the world. However, the farmers of South Africa can use these only if they are aware of them and if these alternatives are proved to work under the specific soils and agro-climatic conditions of South Africa.
- The alternatives to other ODS used in industrial processes by the developed countries do not have to be tested for viability in developing countries. What works in the industries of USA, for example, will also work in the industries of developing countries. Alternatives to Methyl Bromide in soil fumigation and disinfestations of agricultural products and storage facilities, however, have to be tested in each soil type and agro-climatic region.

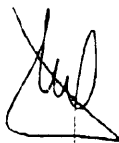
The activities necessary for the phase out are mainly (a) demonstration projects for testing the technical and economic viability of identified alternatives for different crops and in the different soil and agro-climatic conditions of South Africa, (b) creation of awareness among the farmers regarding the results of these demonstrations (c) promotion of successful alternatives through incentives such as subsidies and tax reliefs (d) appropriate policies, regulations and taxes on methyl bromide.

No study has so far been made in South Africa on the detailed projects needed to carry out these activities. The request from South Africa includes a request for assistance for project preparation.

4. Request

In conclusion, we request the GEF Council to instruct one of its implementing agencies, to prepare a detailed project which will elaborate on the specific activities needed to be undertaken in South Africa to phase out methyl bromide and the costs of such activities. The World Bank has been involved at a preliminary level with the South African authorities on issues regarding methyl bromide phase out. The GEF council could, after the preparation of the project, consider each element of the project. This would facilitate the phase out of methyl bromide by a developing country with one of the highest consumptions of this ozone depleting substance in Africa and assist in the protection of the ozone layer.

Yours sincerely,



Marco González
Executive Secretary
Ozone Secretariat