Funding for Good
The Multilateral’s Fund investment in developing countries

Tina Birmpili, 11 May 2023
A global challenge, universal solidarity

• Montreal Protocol to protect the ozone layer agreed in 1987
• Financial mechanism established under Article 10
• Multilateral Fund established in 1991 to support developing countries to phase out the consumption and production of the ozone depleting substances
• Replenished every 3-years
• Working side-by-side with international agencies – the implementing agencies
• In doing so, it contributed to the protection of the ozone layer and has been one of the most important steps to curb climate change
• Kigali Amendment averts up to 0.5 degree C by 2100
• A shining example of solidarity
A global challenge, universal solidarity

• $4 billion in grant funding approved
• 144 developing countries
• 9,300 projects approved
  • Institutional strengthening in every Article 5 country - capacity building at the national level through the establishment of NOUs within the government structure
  • Technical assistance (e.g., workshops on technology transfer and introduction, recovery/recycling of refrigerants)
  • Training programmes (e.g., for customs officers or refrigeration service technicians)
  • Demonstration projects (e.g., introduction of new technologies)
  • Project preparation (for stand-alone or multi-year projects)
  • Stand-alone investment projects for eligible enterprises
  • Country programmes
Investing in developing countries

- **Incremental costs**
  - The Fund shall meet all agreed incremental costs to assist Article 5 countries to meet the control measures of the Montreal Protocol
  - Incremental costs are defined as the difference between the status quo and the status of compliance with the Protocol
  - The most cost-effective option, an incentive for early adoption of technologies
Investing in developing countries

• **Compliance schedule** - financial assistance from the Fund is provided so that countries meet their scheduled reductions under the Montreal Protocol

• **Country driven approach** - the level of controlled substances phase-out has been calculated for each country so that resources can be appropriately targeted to countries

• **Equal opportunity** - every eligible developing country has equal opportunity to receive funding
Investing in developing countries - accountability

• **Projects’ impact** is monitored and assured through:
  • Performance-based funding model
  • Verifiable consumption and production data
  • Independent verification as precondition for release funding where applicable

• Independent evaluation function for the Fund

• **Financial accountability** is achieved through:
  • Separate trust fund account, managed by the Treasurer
  • Return of balances from completed projects within 12 months
Institutions
Institutions – The Executive Committee

• Operates on a policy of shared governance, with **7 members from developed and 7 from developing countries and annual rotation of the Chair and Vice Chair**
• Decisions have always been adopted by **consensus**
• Oversees the operations of the MLF by holding two meetings annually
• Approves operational policies and guidelines
• Endorses a 3-year business plan and budget based on the replenishment agreed by the Parties to the Montreal Protocol
• Approves strategies, projects and activities for the phase-out of controlled substances
• Exercises **oversight** of ongoing projects and activities
Institutions – The Secretariat

• Assists the Executive Committee in discharging its functions through preparing documentation and reports, and servicing meetings
• Has independence in developing and proposing operational policies, guidelines, and recommendations for consideration by the Committee
• Independent from bilateral and implementing agencies
• Works directly with bilateral and IAs, and not with countries
• Reviews all funding requests, performance and implementation reports, ensures that the guidelines agreed by the Committee are fully complied within the projects submitted
Institutions – The role of IAs

- Four IAs with contractual agreements with the Committee: UNDP, UNEP, UNIDO, World Bank
- The Committee provides strategic direction to IAs
- **Countries select the IA they wish to work with**
  - Provide interface between governments and the private sector in explaining requirements and developing funding requests
  - Submit requests for projects on behalf of Article 5 countries, through the MLF Secretariat, for consideration of the Executive Committee
  - Represent the interests of Article 5 countries at meetings as countries cannot intervene on their own projects
  - Responsible for implementing projects in each Article 5 country once approved by the Committee
  - Performance assessment of IAs against targets set in their business plans
Institutions – the role of NOUs

• NOUs assist in the development of regulations, licensing and quotas systems for controlled substances
• NOUs assist in organizing training of custom officers – important for reporting accurate data, reducing illegal trade and assisting compliance
• NOUs work with bilateral and IAs – important for a country driven approach
• NOUs are responsible for ensuring timely implementation and monitoring of approved projects – critical for meeting compliance under the Montreal Protocol
Connecting the dots: world impacts

• Universal ratification of the Montreal Protocol and four of its amendments: London, Copenhagen, Montreal, Beijing, (Kigali)

• 80% of the business plan is approved on an average

• Some examples of the world impacts since 2010 (indicative numbers):
  • 4,600 enterprises assisted
  • 260,000 technicians trained
  • 800 centres of excellence
  • 230 recovery and recycling programmes

• Most powerful financial driver of social and environmental progress (1995 – 2021):
  • 51 gigatons of CO₂ eq t avoided
  • 2 trillion USD savings to society
  • 7 cents for removing 1 CO₂ eq t
The intangibles

- Trust among all parties to the Montreal Protocol
- Through the MLF, countries have established a strong infrastructure to address the protection of the ozone layer and to avoid climate warming
- Partnerships and expertise have been created, maintained and strengthened over the years of the MLF existence
- Institutions dealing with global environmental issues and/or financial mechanisms could benefit from the wealth of experience, expertise and institutions of the Montreal Protocol
Thank you!