



**Multilateral
Fund** for the
Implementation of
the Montreal Protocol

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

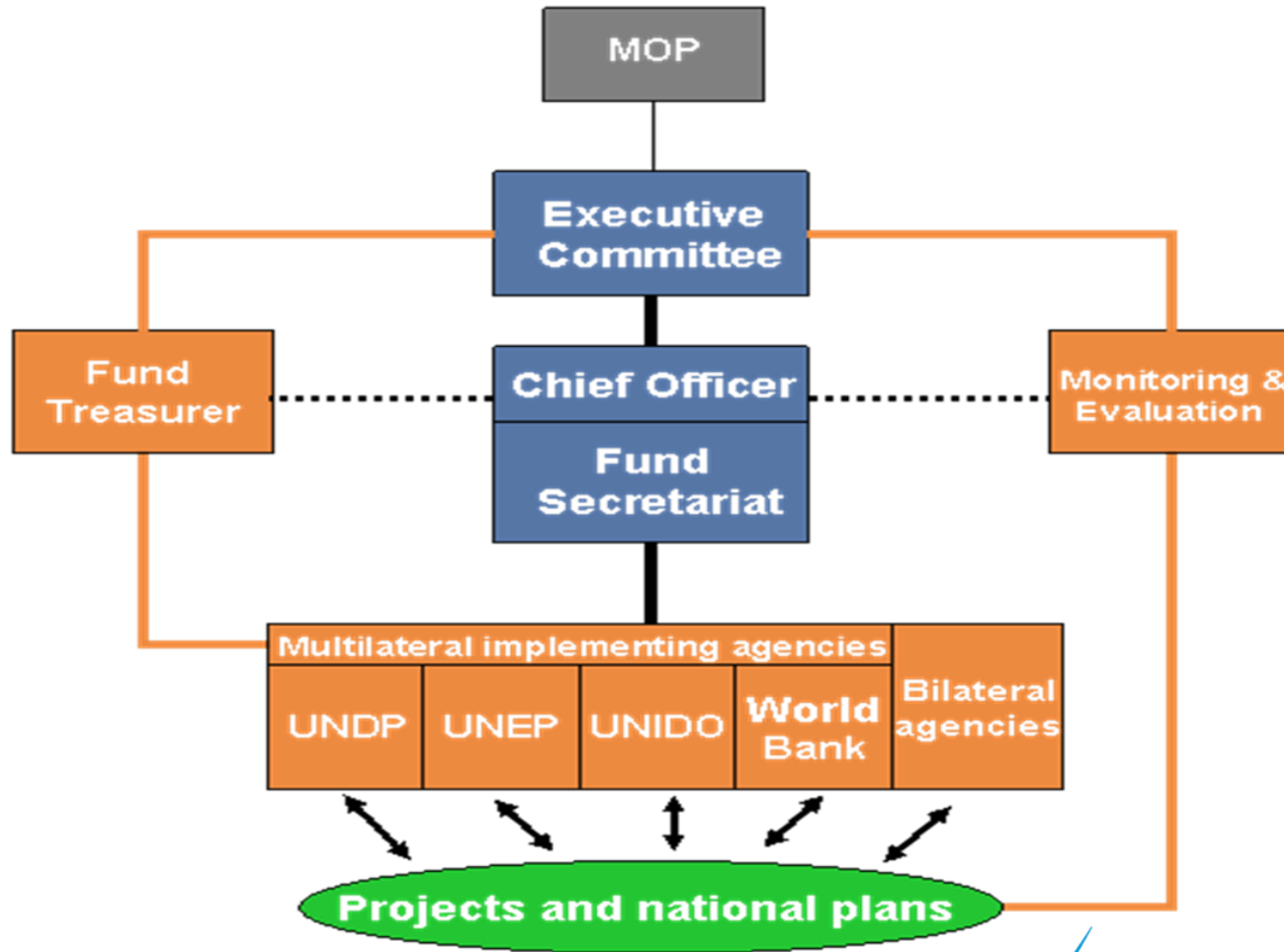


Investing in developing countries - accountability

- **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

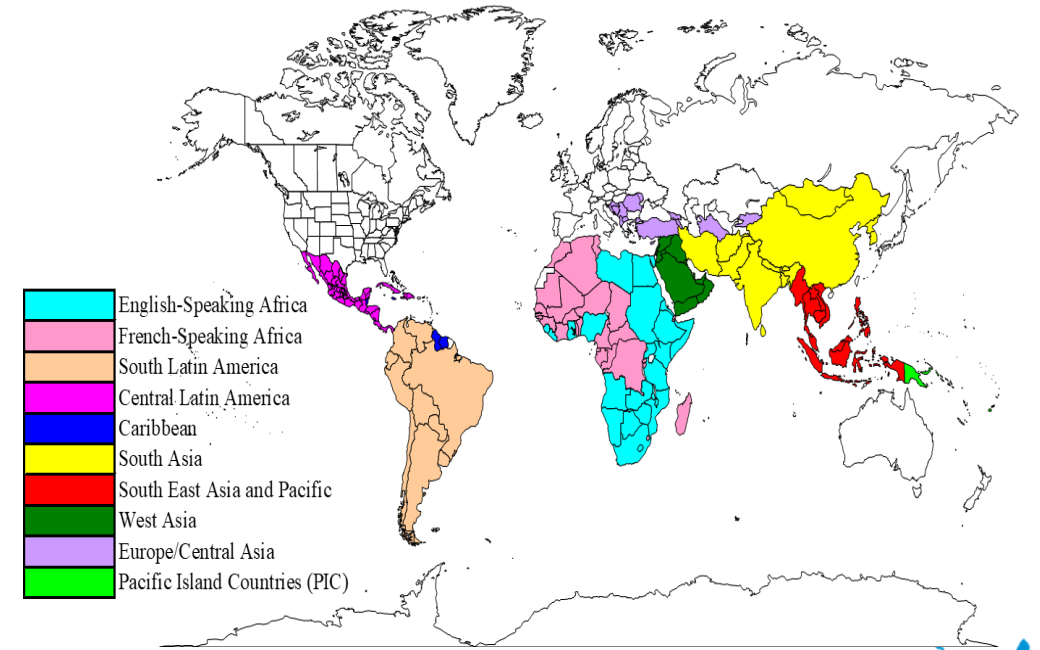
Institutions – The role of IAs

- 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!





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