



The Ozone Secretariat biannual e-newsletter
16 September 2008

Editorial

Achim Steiner, United Nations Under-Secretary General and UN Environment Programme Executive Director

Greetings to friends and colleagues in the Montreal Protocol,

I would like to once again thank you for making the historic 20th Anniversary Meeting of the Parties last year a quite extraordinary success.

During that meeting I learned first hand why the Montreal Protocol is said to have a culture of success. The agreement addressing both the ozone and climate issues and your continuing determination to put the Protocol to work to maximize environmental protection serves as an antidote to the pessimism that sometimes dogs international environmental discourse.

In the six months since the historic decision on HCFCs, I have been asked many times why, given the modest level of ozone protection involved Parties agreed to accelerate and fund the early phase-out of HCFCs. The answer to that question was evident in your statements in Canada and the clear determination by all actors to demonstrate the multiple benefits of addressing the ozone and the climate nexus.

Now the international community must move beyond the decision and face what, as environmental managers we know to be true - that it is not the decision, but the manner in which decision is implemented that will make the difference.

Nowhere is this more true than with the HCFC decision taken last year. The potential impact on both the ozone layer and climate will rest on several key choices. Will Parties convert to low Global Warming Potential alternatives or zero ones and will the energy efficiency improvements be maximized in terms of equipment? Over the coming months and years, support to developing countries will be crucial as will creative and innovative solutions to the Montreal Protocol's implementation.

Important too will be a consideration of the question of partnerships and new relationships with other sources of funding, and whether existing guidelines need to be modified.

These may ensure that the maximum possible multiple benefits accrue from the Montreal Protocol in the 21st century—to do less would be to forget all that has been achieved not least in the historic 20th anniversary meeting.



Welcome

Marco Gonzalez, Executive Secretary, Ozone Secretariat

2007 was an extraordinary year for the Parties to the Montreal Protocol. Faced with the choice of beginning a phased reduction in the programme or expanding it to enhance its coverage of both ozone and climate, the Parties decided to harness the power of the Montreal Protocol to achieve further ozone and climate benefits through the acceleration of the phase-out of HCFCs. While this action was, by any definition, historic, it did not signal an end to further work.

During last year's innovative discussions on the future of the Protocol, the Parties agreed to continue work on a host of other issues, including those related to the interlinkages that exist between the Montreal Protocol and other Multilateral Environmental Agreements fora. In the course of those discussions, the Parties noted that the potential for either positive or negative synergies between MEAs has not always been visible or clearly understood until an action has been taken by one forum, or until after an issue has emerged as a problem.

This new newsletter, which we have decided to call *Centrum*¹, constitutes one of two new initiatives by the Secretariat to try to address this situation in the context of the Ozone Treaties. Both *Centrum*, and the future invitation to other Secretariats to undertake information-sharing side events at our meetings, are aimed at closing a knowledge gap through the presentation of timely information on issues that may be of interest to the Parties. What the Parties do with this information, either collectively or individually, is for the Parties to decide upon. However, it is merely the Secretariat's hope that *Centrum* will provide Montreal Protocol delegates with useful insights into how similar issues are being addressed in other fora and provides us all with useful information to understand how actions of one body can enhance or make more difficult the work of another.

For this first issue, we have undertaken to include articles that provide an overview of some potentially positive aspects of interlinkages, and some concerns as they relate to our system of international environmental agreements. We have also invited articles from some of the global implementing agencies and MEAs on the interlinkages that they see in their daily work. Finally, we are also honored to include the message of the United Nations Secretary-General, Ban Ki-moon on the occasion of the International Day for the Preservation of the Ozone Layer, 16 September, the day this newsletter was launched. It was particularly appropriate to launch it on this day, which in 2008 has the theme "Montreal Protocol - Global partnership for global benefits."

Future editions will, we hope, also include diverse views and input from the private and NGO sectors. In the meantime, we hope that you find this first edition useful, and we look forward to your feedback.

¹ All of us have cast a stone on a quiet body of water and watched the concentric circles expanding outward from the point of contact. In that regard, the Montreal Protocol and indeed all MEAs have consequences that extend well beyond their expected target. As experience has shown, those consequences often collide in unexpected ways. We have chosen to call our new e-newsletter *Centrum*, because this term defines that point of common ground, where different concentric circles come together.



Message of United Nations Secretary General on International Day for the Preservation of the Ozone Layer: 16 September 2008

Ban Ki-moon, Secretary-General, United Nations

Market turmoil, economic downturns and talk of recession have historically spelt tough times for the environment. At such moments, safeguarding the planet has often been seen as a luxury, and as a burden on economic recovery and development. But the remarkable story of the ozone layer, whose preservation we celebrate today, shows such thinking for what it is: mere myth.

Decisive multilateral action on environmental threats and challenges can bring wide-ranging health, social and economic benefits. The Montreal Protocol on Substances that Deplete the Ozone Layer, which underpins our efforts to combat depletion of the earth's fragile protective shield, also contributes to combating climate change, since many of the chemicals controlled under the treaty have also emerged as ones that contribute to global warming. By phasing out chlorofluorocarbons (CFCs) - once common in products such as refrigerators - and now deciding to accelerate a freeze and phase-out of hydrochlorofluorocarbons (HCFCs), the treaty has provided two benefits at once. I hope Governments will look at such results and feel empowered to act across a wide range of environmental challenges, and not only in prosperous times. Such action should include exploring more fully the natural synergies that can occur among our various multilateral environmental agreements.

Next year in Copenhagen, Governments will gather for a crucial meeting on the UN Framework Convention on Climate Change. Our goal must be a decisive new agreement that sets the world on track to stabilize greenhouse gas concentrations in the atmosphere, and that provides the funding needed for vulnerable countries to adapt to the impact of climate change. Such an agreement would not only represent progress on one of the greatest challenges of our time, but is also likely to help tackle urban air pollution, deforestation, the loss of biodiversity and other dangers.

After decades of chemical attack, it may take another 50 years or so for the ozone layer to recover fully. As the Montreal Protocol has taught us, when we degrade our environment too far, nursing it back to health tends to be a long journey, not a quick fix. But the overarching lesson of the Protocol is that by acting on one challenge, we also act on many others. Continued progress, and the possibility of new breakthroughs from Copenhagen and other fora, would also make significant contributions to achieving the Millennium Development Goals. On this International Day, let us pledge to seize more such multi-faceted opportunities, and do our utmost to create tomorrow's "green economy" today.

HCFC phase-out: Maintaining momentum toward the 2013 freeze and the 2015 reduction target

Maria Nolan, Chief Officer, Multilateral Fund Secretariat

The historic agreement adopted by Parties to the Montreal Protocol in September 2007 to accelerate the phase-out of HCFCs (Decision XIX/6) will not only protect the earth's ozone layer but at the same time minimize impacts on the environment, particularly the earth's climate. The Multilateral Fund's Executive Committee is building on the momentum that was brought about by the HCFC phase-out agreement and is moving forward towards its initial targets. The recent decisions taken by the Committee on HCFC phase-out and related cost issues that are described below represent milestones in resolving major environmental issues.

At its 54th Meeting in March 2008, only seven months after the 19th Meeting of the Parties (MOP), the Executive Committee approved the guidelines for HCFC phase-out management plans (HPMPs) so that each Article 5 country could develop the framework of its over-arching strategy for total HCFC phase-out. The HPMP guidelines include a recommendation that the strategy be implemented in a stepwise or staged approach and that Parties take advantage of the dynamic nature of the HPMP guidelines, which would enable them to take early action on HCFC phase-out and at the same time retain their flexibility to take advantage of new technologies as they evolve for greater climate benefit. Stage one of a country's HPMP would address the HCFC baseline freeze in 2013 and the 10 per cent HCFC reduction in 2015.

Decision XIX/6 brings additional challenges to the Multilateral Fund and its Executive Committee to implement its mandate of assisting Article 5 countries to comply with the accelerated HCFC phase-out schedule. This will be reflected in its funding policies to support substitutes with not only zero ozone-depleting potential (ODP) but also with lower global-warming potential (GWP) and higher energy efficiency. The linkage between ozone layer protection and other environmental issues was highlighted in the Montreal Declaration made by the 19th Meeting of the Parties when Parties recognized "the opportunity for cooperation between the Montreal Protocol and other relevant international bodies and agreements to enhance human and environmental protection". In a spirit of cooperation, the Executive Committee is studying individual, regional or multilateral funding mechanisms that might be suitable and compatible as sources for co-financing to top up Multilateral Fund ozone funding in order to achieve additional climate benefits.

The CFC chiller replacement demonstration projects funded by the Multilateral Fund already provide an example of successful co-financing between institutions with different agendas to achieve environmental benefits. Multilateral Fund grants were provided for projects demonstrating the benefits of replacing CFC chillers on the condition that co-financing from the Global Environment Facility (GEF) or national programmes would also be obtained to replicate the results. Replacements of CFC based chillers not only eliminates the consumption of CFCs thus contributing to the Montreal Protocol objectives, but also contributes to the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol since non-CFC chillers result in reduced greenhouse gas emissions due to better energy efficiency and the reduction of the emissions of CFC, a greenhouse gas with a high GWP.

Enhancing collaboration between the Basel Convention and the Montreal Protocol

Katharina Kummer Peiry, Executive Secretary, Secretariat of the Basel Convention

The Basel Convention is aimed at protecting human health and the environment from the negative impacts caused by the generation, management, transboundary movements and disposal of hazardous and other wastes. The main pillars of the Convention are its control regime for the transboundary movements of hazardous wastes and other wastes and a set of measures for the environmentally-sound management (ESM) of such wastes. These fundamental elements of the Convention are mutually supportive.

The control regime of the Basel Convention is based upon the “Prior Informed Consent” and duty to re-import procedures, in addition to a number of other measures. Parties must also ensure that hazardous and other wastes are managed and disposed of in an environmentally sound manner. To achieve this goal, Parties must minimize the quantities of waste that are transported across borders, treat and dispose of wastes as close as possible to where they were generated, and prevent or minimize the generation of wastes at their source.

One of the most important activities of the Convention in the last decade has been the strengthening of the normative framework concerning ESM of waste through the development of policing tools and standards. In addition, the Convention has established regional centres for training and technology transfer which aim to assist developing countries in achieving the goals of the Convention, including through the set up of innovative tools such as private-public partnerships with industry and NGOs. These initiatives are considered prerequisites to the facilitation of a level playing field for technology transfer for the benefits of all Parties.

Ozone Depleting Substances (ODS) are listed in the Basel Convention under category Y45: “Organohalogen compounds not included under any other category”. By its Decision III/15, the Conference of the Parties to the Basel Convention excluded from the scope of the Convention the controlled substances of the Montreal Protocol which are reclaimed and purified to usable purity specifications prescribed by appropriate international and/or national organizations such as the International Standards Organization (ISO). Today, it seems unlikely that the Basel Convention could decide to exclude wastes containing ODS, such as unwanted ODS containing equipment, from the control regime of the Convention. The Basel Convention requires that such waste be managed in an environmentally sound manner, and that any movements across boundaries for recycling comply with provisions of the Convention.

The changes in the trade patterns for hazardous waste which occurred in the last two decades need to be taken into consideration in the context of the implementation of the main provisions of the Basel Convention. Such changes, for instance in the North-South waste flows, go beyond the originally designed mandates of the Convention which were initiated by concerns over unregulated, and in some instances, outright criminal hazardous wastes exports from industrialized countries to the developing world. One observes today an increasing trend in hazardous wastes, such as POPs as waste and ODS waste, being shipped from developing to developed countries for final disposal. Shipments of hazardous waste are also following an increasingly regional trade pattern. The Basel Convention is being requested to

adapt to such changes through the facilitation of the transfer of technologies and processes that should be environmentally sound, economically viable and socially acceptable.

As many developing country Parties to both the Basel Convention and the Montreal Protocol become increasingly involved in the development of their waste management infrastructure, there is a growing need for enhanced cooperation between the two instruments. Of primary interest is the application of the control regime of the Basel Convention to ODS containing waste, with a view to clarifying and streamlining the requirements for the transboundary movements of such waste, as well as strengthening the normative framework for the environmentally sound disposal of ODS containing waste and the development of appropriate methodologies for ESM. The development of hazardous waste management schemes, including at the regional level, and the development of tools to facilitate technology transfer and development, are other potential areas for synergies. The Secretariats of the Basel Convention and the Montreal Protocol are committed to addressing the need for their enhanced collaboration as expressed by their respective Parties. In this regard, a detailed study will be carried out in the short-term to establish the way forward and to make concrete proposals for collaboration and action.

International Plant Protection Convention and Montreal Protocol: towards enhanced synergies

Marianne Wenning, Head of Unit 'Industrial Emissions and Protection of the Ozone Layer', European Commission

Methyl bromide (MB) has been used for controlling pests and plant diseases since the 1930s. It is, however, a potent ozone depleting substance and it is included as a controlled substance under the Montreal Protocol (MP).

Whilst the Parties to the MP have agreed to phase-out most uses of MB, some uses are exempt. Specifically, the Protocol includes a general exemption for quarantine and pre-shipment (QPS) applications to prevent the introduction and spread of plant pests through international trade. At the time when this exemption was introduced, it was thought that the use of MB for QPS applications was essential so as not to disrupt international trade.

However, in its 2006 report, the MP's Scientific Assessment Panel warned that continued exemptions for uses such as QPS at present levels could further delay, or even prevent recovery of the ozone layer - which is already estimated to return to pre-1980 levels later than originally projected, between 2050 and 2075.

More and more countries are completing the phase-out of MB critical uses (for example Switzerland and New Zealand and by the end of 2008 all the European Union countries). Many developing countries have already reduced their controlled uses of the substance to zero². Consequently attention of Parties is shifting to the continued use of MB in QPS applications, due to concerns over ozone depletion and also worker exposure.

² TEAP Progress report of May 2008, p.97

As the International Plant Protection Convention (IPPC) aims to prevent the spread and introduction of pests of plants and plant products, there are strong links with the MP. The secretariats of the two multilateral agreements published a joint brochure in 2007³ to assist the Parties to better understand and address issues related to MB use for QPS purposes. In addition, a recently adopted IPPC recommendation⁴ recognizes the ozone-depleting effect of MB, and encourages countries to put in place a strategy to reduce or replace MB to prevent the spread of pests.

Whilst global MB production is generally declining, according to a recent Technological and Economic Assessment Panel (TEAP) report, some regions of the world have seen an increase. This is mainly due to the implementation of a mandatory IPPC standard called ISPM-15, which aims to reduce the risk of harmful pests in wood packaging material moving in international trade, and requires the use of MB or heat treatment. In reality, some heat treatment technologies can be cheaper than fumigation, and ISPM-15 constraints can be overcome by other methods, such as the use of recycled plastic pallets and non-wood packaging⁵. For example, TEAP reports that Canada and Taiwan have already phased out methyl bromide under ISPM-15.

In the EU, the use of MB for QPS has been capped for many years without any trade disruption. Several EU Member States have already phased out the use of MB for QPS⁶, or made recapture and recovery technologies mandatory. On the 1st August this year, the European Commission adopted a proposal to further tighten the cap on the use of MB for QPS, whilst making recapture and recovery mandatory across all Member States, with the aim of ultimately phasing out the use by 2015. The Commission also recently adopted a decision to remove MB from the list of authorized pesticides under the EU's Plant Protection Products Directive.

These recent developments offer a timely opportunity for further work under both the IPPC and the MP, for countries to exchange experiences, identify effective national policies and measures that would promote the use of available alternatives, and consider possible options to reduce global MB use for QPS in the coming years. To that effect, the European Community and its 27 Member States, supported by Mexico and Switzerland, submitted a proposal⁷ to the 28th meeting of the Open Ended Working Group of the Parties to the MP. Discussions amongst Parties are ongoing and will continue at the 20th Meeting of the Parties in Doha (Qatar) in November 2008.

³ Methyl bromide: quarantine and preshipment uses, 2007. Brochure jointly prepared by the secretariats of the Montreal Protocol and the International Plant Protection Convention; 1999 Progress Report of the Technology and Economic Assessment Panel, vol.2.

⁴ Recommendation for the Implementation of the IPPC: Replacement or reduction of the use of methyl bromide as a phytosanitary measure, 2008. Adopted by CPM-3 (2008).

⁵ The following countries operate heat treatment facilities that meet the requirements of ISPM-15: Australia, Bangladesh, Belgium, Canada, China, Fiji, Greece, Jamaica, Netherlands, Philippines, Singapore, Taiwan, Thailand, Turkey, and Vietnam.

⁶ Austria, Cyprus, Czech Republic, Denmark, Finland, Luxembourg, Malta, Romania, Slovakia and Sweden do not use methyl bromide for quarantine and pre-shipment applications.

⁷ See http://ozone.unep.org/Meeting_Documents/mop/20mop/MOP-20-3E.pdf



A View of Synergies in the MEA Context

Daniel A. Reifsnyder, Deputy Assistant Secretary for Environment and Sustainable Development, Department of State, USA

The term “synergy” means to work together to achieve results greater than could be achieved alone. The United States supports synergistic approaches to accomplish agreed international environmental goals. Given the range of international institutions and agreements, there are inevitably areas of commonality among Parties to the agreements, governments, and institutions. It is important that these entities work together in a cohesive manner that avoids duplication and allows each entity to provide added value in the areas where they work best.

“Synergy” is used both to reflect concern about the burden on States caused by the frequency of international meetings, reporting requirements, etc. and to indicate a desire to move toward greater substantive and institutional consolidation of various treaties in the environmental field. The United States supports bolstering synergies in the current system through increased efficiencies and domestic substantive coordination.

The current system, with its many treaty bodies and institutions, has several strengths: it is decentralized, specialized, relatively efficient, non-bureaucratic, flexible, and responsive. The international community can best take advantage of these strengths by enhancing synergies through practical, bottom-up approaches.

The United States has been a leader in promoting partnerships to capture the expertise and comparative advantages of multiple institutions and stakeholders in order to achieve health and environmental protection objectives. Examples of such partnerships include the Partnership for Clean Fuels and Vehicles and the African Stockpiles Program. The United States also has actively supported efforts to achieve synergies among UN institutions. For example, the United States supports the Poverty and Environment Initiative (PEI), which brings together the UNDP and UNEP to assist governments in taking the environment into account. The U.S. helped create the innovative and highly successful Collaborative Partnership on Forests, which was established to enhance international coordination in support of the UN Forum on Forests and today includes the secretariat heads of 14 UN bodies, treaties and international financial institutions with significant forest-related mandates. This experience demonstrates that effective synergies policy will utilize the current system to improve efficiencies in UN institutions and multilateral environmental agreements.

The United States supports careful examination of the administrative functions of UNEP and the MEAs in order to identify cost-savings and opportunities for minimization of duplicative functions. In particular, the United States supports examination of whether functions such as conference servicing and pension administration can be consolidated, as well as whether the frequency and length of meetings can be reduced. Effective synergies policy will aim to minimize overlaps and conflicts among different legal entities while respecting these entities’ independent legal status.

For example, we support efforts to maximize cost-effectiveness in the use of regional facilities under the Basel and Stockholm Conventions. We have also actively supported efforts in the Montreal Protocol to ensure that efforts to eliminate ozone depleting substances

provide major benefits to the climate system. At the same time, it is important not to sacrifice the integrity of institutions which have distinct missions, parties, legal mandates, and a comparative advantage in the area of their mandate.

Finally, effective synergies policy will aim to increase substantive coordination at the domestic level, where the primary responsibility lies for ensuring coherence within and among environmental issues. The development of synergies should begin at home through domestic implementation and the crafting of unified policy positions. If countries are not doing so, we should urge them to do so and provide technical support, where necessary, to make domestic coordination possible. Effective synergies policy, however, should not involve a centralized, bureaucratic super-structure, which would be costly, slow, policy-preemptive, and inefficient. Rather, the autonomy of MEAs should be respected, and UNEP's role in synergies should focus on aiding national implementation.

Improving coordination between MEAs can deliver greater and timelier benefits

Suely Carvalho, Chief Montreal Protocol Unit & Principal Technical Advisor - Chemicals, UNDP

The countries that UNDP supports in meeting the goals and targets of the Montreal Protocol have numerous obligations under various MEAs. In order to enable them to achieve the Millennium Development Goals (MDGs) UNDP strives to assist them in implementing this mix of agreements in coherent and coordinated way. More specifically, in the area of integrated chemicals management (e.g. Basel, Rotterdam, Stockholm, Montreal Protocol, SAICM) UNDP has undertaken many efforts, including the development of a *Chemicals Proofing Guide* targeted at project managers to help them integrate the Sound Management of Chemicals (SMC) in environment-related programmes and projects. The document is currently being tested in house.

In recent years interesting projects have been designed with assistance of UNDP that aimed to jointly achieve the objectives of different conventions and protocols. One of those examples is a MLF/GEF/IDB/private and public sector supported project in Brazil "Market Transformation for Energy Efficiency in Building," in which Ozone and Climate protection are being achieved simultaneously. The project aims to achieve energy savings and reduce greenhouse gas emissions from the buildings' market while contributing to the phase-out of CFCs from building chillers. The project will help to remove financial, capacity, technology and policy barriers that currently limit the widespread adoption of Energy-Efficient (EE) measures and technologies applied in buildings and aims to achieve over a period of 20 years a reduction of 9.588 Mt CO₂ eq of which 2.820 Mt CO₂ eq from direct and direct post project emissions reductions and 6.768 Mt CO₂ eq from indirect emissions reductions.

To contribute to the removal of barriers to EE investment in the buildings sector, help Brazil reduce ODS demand and maintain compliance with the Montreal Protocol, both the Global Environment Facility (US\$ 13.5 million) and the Multilateral Fund (US\$ 1 million) have provided funding to the project in addition to substantial contributions made by the IADB (US\$ 15 million) and the Brazilian Utility Sector (US\$ \$50 million). The project comprises of a capacity building programme, complemented with an innovative Partial Performance Guarantee Mechanism (PPGM) that will address and substantially mitigate the performance



risk aspects of project financing by energy service companies (ESCOs) as a means to encourage and support the Brazilian EE services industry. The project will also address the needs of public and private building owners/operators, to allow them to effectively capture building energy service demand savings potential. Similar projects have been designed in other LAC countries with assistance of UNDP.

The development of these types of projects required a considerable amount of coordination between multitudes of partners. As a consequence, a longer time than usual elapses between conceptualization and approval, and between approval and start-up of implementation. The synchronization of the financial mechanisms applied in the project was challenging, both for the project's stakeholders, financial contributors and the implementing agency involved.

However, the environment should not lose because of the challenges we encounter when building projects on a foundation that leans on the inter-linkages between MEAs. Improved knowledge sharing between the MEAs, implementing agencies, NGOs and the private sector will help to benefit from existing inter-linkages and inform about the challenges we might encounter trying to benefit from them. It is for the common good, but mostly for the environment that Parties should exploit ways to improve interaction and coordination to enable project design and approaches to take shape, while aiming to remove barriers at both the design stage and during the implementation phase to make them a success.

With the need to address matters such as the destruction of ODS, POPs and others, the potential inter linkages between MEAs is clear, not only with respect to necessary capacity, technologies and installations but also with regard to the logistics of such management schemes as well as ensuring their financial sustainability. More projects, which look into these inter linkages, will be required if we are to avoid double counting and be able to tap into multiple financial possibilities, including financial mechanisms under different MEAs, market-based mechanisms and private sector financing.

As a result, more efforts to remove those "coordination" challenges will be needed and will require greater commitment of all involved.

Financing the management of unwanted ODS in Article 5 countries: the voluntary carbon market as one possible resource

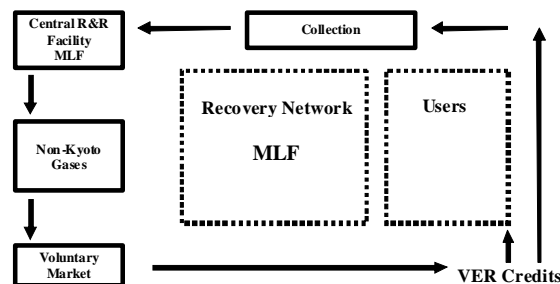
Steve Gorman, Team Leader of Montreal Protocol/POPs Operations and the GEF Executive Coordinator, Environment Department, World Bank

Article 5 countries have made great progress in phasing out ozone depleting substances (ODS) and most are well on track for meeting their 2010 Montreal Protocol obligations which require the complete cessation of the production and consumption of Annex A and B substances. This does not imply that there are no remaining challenges – as the phase-out deadline approaches, countries are increasingly concerned with stocks of ODS that have accumulated over the years in equipment, consumer products and containers. Unwanted ODS in particular pose a direct threat to the ozone layer and are an unwelcome liability to governments.

Although ODS management and destruction figure in the indicative list of incremental costs agreed upon by the Parties to the Montreal Protocol, there is also a promising opportunity to address this ODS management challenge from a source outside the realm of our MEA. This opportunity is now more palpable through the decision of the Parties to the MP in September 2007 that acknowledges the critical link between ODS, which are also potent greenhouse gases (GHG), and adverse climatic effects.

The case of ODS destruction shows how the inter-linkages between ozone depletion and climate change can be effectively utilized to achieve climate co-benefits. By destroying, for example, a tonne of CFC-12, the equivalent of 10,600⁸ tonnes of carbon dioxide (tCO₂) is kept from entering the atmosphere). This fact, together with emerging markets which give value to CO₂ reductions make ODS destruction an financial attractive proposition. In that regard, the voluntary carbon market can potentially serve to generate financing for ODS destruction. This market is well suited to Montreal Protocol gasses, as it is not bound to the Kyoto Protocol and thus is not necessarily limited to the six Kyoto gases. The price of verified emission reductions (VERs) in voluntary carbon markets currently range from about US\$2 to US\$25 per tCO₂ equivalent.

Using the voluntary carbon market, an Article 5 country entity with a quantity of unwanted ODS could theoretically generate and sell offset credits. The key would be the development of an accepted methodology for measuring, reporting and certifying the VERs (from the shipment of the ODS from the Article 5 country through disposal). Credits earned could provide complementary financing to that already provided by the MLF for ODS management (i.e., recovery and recycling networks and reclamation centres) and any future MLF assistance that may be forthcoming.



Currently only one market exists that issues credits for ODS destruction, the Chicago Climate Exchange (CCX). However, other markets, such as those adopted under the Voluntary Carbon Standard 2007, could become markets for destruction of unwanted ODS, provided there is an appropriate and approved methodology. The Executive Committee recently approved the preparation of a study on financing the destruction of unwanted ODS that will propose suitable methodologies for validation and verification as well as possible strategies for accessing funds through the voluntary markets and a corresponding case study on CTC disposal in an Article 5 country. The study will take into account other pertinent questions such as how to avoid perverse incentives when scaling up and how to foot the upfront costs involved in ODS destruction (as VERs are awarded only after destruction and verification).

⁸ From the Third Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), 2001

Although the study will further delineate the potential as well as the particulars of the voluntary market as one viable source of financing and an incentive for safe disposal and destruction of some categories of ODS, it is not too early for Article 5 countries and interested parties to begin considering how carbon finance might fit into their future ODS management plans.

We hope you enjoyed the first edition of the Ozone Secretariat's biannual e-newsletter; comments and suggestions should be sent to ozoneinfo@unep.org

Note that the Ozone Secretariat has also updated its *Backgrounder: Basic Facts and Data on the Science and Politics of Ozone Protection*, which has been released to coincide with the International Day for the Preservation of the Ozone Layer and this e-newsletter. It can be found on our website: ozone.unep.org, under **Press Information and Publications**.

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