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**Seminar on the environmentally sound
management of banks of ozone-depleting
substances (decision XXI/2)**
Geneva, 14 June 2010

**Draft report of the seminar on the environmentally sound
management of banks of ozone-depleting substances
(decision XXI/2)****Introduction**

1. By decision XXI/2, the parties to the Montreal Protocol requested the Ozone Secretariat to host a one-day seminar on the margins of the thirtieth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol on the topic of how to identify and mobilize funds, including funds additional to those being provided under the Multilateral Fund, for ozone-depleting substance destruction. The Secretariat was also requested to invite the Multilateral Fund and the Global Environment Facility to consider participating in coordination of the seminar, and to invite other relevant institutions to attend. The seminar took place on Monday, 14 June 2010, at the Geneva International Conference Centre.

I. Opening of the seminar

2. The seminar was opened at 10.10 a.m. by the co-chairs, Ms. Annie Gabriel (Australia) and Mr. Javier Camargo (Colombia).

3. Mr. Marco González, Executive Secretary of the Ozone Secretariat, began his keynote presentation by saying that the seminar was an opportunity to consider available options for maximizing the ozone- and climate-related benefits that could be achieved through the Montreal Protocol. He recalled the relevance of decision IV/11, which called upon the parties to the Protocol to facilitate access to and transfer of approved technologies for destroying banks of ozone-depleting substances in accordance with Article 10 of the Protocol. The parties had already reached broad consensus regarding many aspects of the issue, and implementation of the Protocol was stimulating the development of new technologies and increases in funding for global cooperation to continue to support global efforts to address climate change. Governments, international organizations and the private sector were participating in the development of the new carbon market, identifying effective means of mitigating carbon emissions and developing numerous energy-efficient technologies and a new paradigm that merged carbon mitigation with other environmental and developmental goals. In closing, he reminded participants that the aim of the seminar was to clarify the complex issues involved and the options available in the short and long terms.

II. Size and scope of banks of ozone-depleting substances

4. Mr. Lambert Kuijpers, Co-Chair of the Refrigeration, Air-conditioning and Heat Pumps Technical Options Committee of the Technology and Economic Assessment Panel and Co-Chair of the Panel, began the Panel's presentation by listing key factors to consider in the current situation,

highlighting the significance of the hydrochlorofluorocarbon (HCFC) component of the waste stream in developing countries and the additional challenges that destruction of HCFCs would pose in terms of cost-effectiveness and traceability. He mentioned the exclusion of HCFCs from current protocols for destruction of ozone-depleting substances and the parallel demand for recycled product.

5. Mr. Paul Ashford, Co-Chair of the Panel's Flexible and Rigid Foams Technical Options Committee, presented the results of additional analyses of the relative opportunities for recovery and destruction of ozone-depleting substances in developing countries and their cost-effectiveness. He showed time series data for the chlorofluorocarbon (CFC) and HCFC waste flows by subsector and touched on the climate benefits arising from avoided emissions and the annual costs of recovery and destruction. Comparisons of examples from the commercial and domestic refrigeration sectors suggested that HCFC recovery in the domestic sector was unlikely to be cost-effective owing to the cost of recovery and the relative global warming potential of HCFC-141b. However, decisions would need to be made on a sector-by-sector basis, with overall cost-effectiveness dependent on the relative proportion of refrigerant and blowing agent recovery.

6. Mr. Kuijpers concluded the presentation by reviewing the main conclusions of the analysis and posing a number of questions on the respective recovery of CFCs and HCFCs, once again highlighting the challenge of developing strategies for recovery of HCFCs.

III. Options for mobilizing available funds to destroy ozone-depleting substances

A. Activities by the Multilateral Fund for the Implementation of the Montreal Protocol in response to decisions on funding activities related to destruction

7. Mr. Stephan Sicars, representative of the secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, gave a presentation on Multilateral Fund activities in response to decisions by the parties on funding activities related to destruction. He noted that decision XX/7 on environmentally sound management of banks of ozone-depleting substances had invited the Multilateral Fund to find practical solutions to the collection, transportation, storage and destruction of ozone-depleting substances in countries operating under paragraph 1 of Article 5.

8. Interim guidelines for funding of demonstration projects for disposal of ozone-depleting substances defined collection, transport, storage and destruction. A limited number of demonstration (or similar) projects were envisaged, with no funding for collection except to monitor sources of ozone-depleting substances. For low-volume-producing countries there was no funding limit, while for other countries the maximum funding was \$13.2 per kilogram. Only one project for halons and carbon tetrachloride was envisaged, and only if it involved large quantities. Information on the following was required for a project to be considered: planned activities; the quantity of ozone-depleting substances involved; clear indications that the objective could be reached; any opportunities for synergies; a detailed description of the project's management and financial set-up; the expected total cost; the sustainability of the business model; a clear indication of how to secure other funding; and a plan for monitoring the origin of the recovered ozone-depleting substances. The information could also include other options for disposal, such as recycling and reuse. Annual reporting was expected.

9. He recalled the relevant meetings and decisions of the Executive Committee and the parties, highlighting decision XXI/2 on environmentally sound management of banks of ozone-depleting substances, which requested the Executive Committee to consider further pilot projects in countries operating under paragraph 1 of Article 5 and to develop and implement a methodology to verify the climate benefits and costs associated with the Multilateral Fund and called on parties to consider providing additional support to the Multilateral Fund for the destruction of ozone-depleting substances. At its sixtieth meeting, held in April 2010 in Montreal, the Executive Committee had, by decision 60/5, requested bilateral aid agencies and implementing agencies to propose, at the sixty-first meeting of the Executive Committee, a level of funding for activities in low-volume-consuming countries. The business plan to be presented at the sixty-first meeting included 21 demonstration projects, 3 technical assistance projects and 14 producer responsibility programme requests in 7 regions and subregions.

10. Next he described two project submissions received and why they had been withdrawn. Stressing that collection of ozone-depleting substances was not funded, he added that projects needed to have an entrepreneurial approach and include a cash flow analysis with a focus on the timing of expenditures and income. It was sometimes preferable to remove less than 100 per cent of a bank if that greatly decreased the financial outlay so that the activity thus achieved financial sustainability. As CFC-

12 was considered a more valuable asset than CFC-11, combined projects could be envisaged, with CFC-11 collection and destruction funded from surplus CFC-12-related income from, for example, carbon markets. In cases where CFC-11 and CFC-12 co-existed the Executive Committee would have to decide whether to fund disposal of one if the other created profits for the private sector. Given the possible income from CFC-12, incremental costs would often be negative, eliminating the project from consideration despite barriers such as the risks and the possible need for significant up-front investment. If recent historical price levels for related carbon credits were used as guidance, the value of the CFC for destruction would be a multiple of prices during the pre-phase-out period, which might increase the likelihood of attempts at illegal production. The typical time frame for implementation was two years.

11. In concluding, he said that essentially there were two approaches to funding activities related to destruction – one for countries with already collected surplus ozone-depleting substances and another for those with ongoing collection efforts. Carbon market funding for collection and sustainable destruction faced severe liquidity issues, as typically the initial outlay of funds was high. Significant incremental savings were still possible, however.

12. In response to a request for clarification regarding the model described, he re-emphasized that the collection of ozone-depleting substances was not funded. Funding was generally provided for demonstration projects once the ozone-depleting substances had been collected or when it was possible to confirm that the substances would be collected and that the quantities collected would warrant a project. The financial viability of projects was always evaluated.

B. Mobilizing funds for destruction using established voluntary market programmes

13. Two experts from voluntary market programmes based in the United States of America – Mr. Joel Levin, Climate Action Reserve, Los Angeles, and Mr. Stephen J. Donofrio, Chicago Climate Exchange – gave presentations on their programmes' respective processes for certifying projects and for reducing emissions related to the destruction of ozone-depleting substances.

14. Mr. Levin said that the mission of the Climate Action Reserve, a non-profit organization chartered in 2001, was to encourage voluntary actions to reduce emissions and to have such reductions recognized. The organization convened stakeholders and led the development of standardized protocols for carbon offset projects; engaged in training and oversight of independent verification bodies; maintained a registry of approved projects; and issued carbon offset credits, known as climate reserve tonnes (CRTs), to registered projects. He stressed the importance of performance standards in ensuring that emission reductions associated with projects were real, permanent and additional, thereby instilling confidence in the environmental benefit, credibility and efficiency of the United States carbon market. While ozone-depleting substances for destruction could be sourced from within the United States or from countries operating under paragraph 1 of Article 5, destruction was permitted only at United States facilities regulated by the United States Environmental Protection Agency.

15. Emission reductions were calculated as baseline emissions minus project emissions; when that formula was applied, the destruction of one kilogram of CFC-12 had a carbon offset value of about 10 tonnes of carbon dioxide equivalent. The buyers of CRTs included large industrial firms that expected to be regulated under state or federal climate legislation; financial firms hoping to profit from future trading in credits; and voluntary buyers. The Climate Action Reserve did not itself engage in financial transactions, most of which were undertaken through brokers. It was interested in working with the Ozone Secretariat and others to develop an oversight mechanism for destruction in countries operating under paragraph 1 of Article 5.

16. Mr. Donofrio said that the Chicago Climate Exchange was the world's first and North America's only voluntary, legally binding integrated trading system to reduce emissions of all six greenhouse gases, with offset projects in North America and worldwide. Verified projects sequestered or eliminated greenhouse gases to earn carbon financial instruments sold on the Exchange's electronic platform to its membership. The rationale behind the system was that, while the Montreal Protocol had phased out production and consumption, there was little regulatory or economic incentive for recovery and destruction of ozone-depleting substance banks, for example, in the refrigeration and air-conditioning sectors. He outlined the Exchange's destruction protocol, whereby the aggregator confirmed project eligibility and prepared a plan; the owner transported the ozone-depleting substance to a destruction facility, where it was destroyed; a third party undertook verification; and the Exchange issued credits to the aggregator for verified destruction in the form of carbon financial instruments. Important elements of that process included development of a set of eligibility requirements and

criteria; establishment of a baseline scenario; clear identification of project boundaries; development of a monitoring plan; and quantification of avoided greenhouse gas emissions.

17. Remaining barriers included insufficient awareness of the urgent need to encourage destruction, rather than unviable recycling, of ozone-depleting substances; weak links between actors in the market; and the generally high cost of technology options. Market forces were important, given the potential to oversupply, and best-practice standards – such as those of the Environmental Protection Agency – should be used when possible. More research was needed to refine the Exchange’s protocol, and new technologies would increase opportunities to destroy ozone-depleting substances on the spot rather than send them to facilities abroad.

18. In the ensuing discussion one representative requested clarification concerning where destruction of gases, foam residues or entire equipment could be undertaken. Mr. Levin said that where the Climate Action Reserve was concerned destruction of ozone-depleting substances could only take place at facilities in the United States. While no requirements were currently in place, economically speaking the best option was to demanufacture the refrigerator in the country of origin and only ship the contained gas for destruction. Responding to a question about whether it was possible to consider ozone-depleting substances wastes from countries not operating under paragraph 1 of Article 5 and what barriers existed regarding export of such substances for destruction in the United States, he said that such exports were occurring but required several permits and that substances could only be transported to registered sites. While the Reserve had started with simple projects, it was open to undertaking more complex ones and expanding its activity to other countries.

19. One representative asked what could be done to ensure the credibility of carbon markets, what lessons voluntary markets had learned from compliance markets and what guarantees existed in voluntary markets to avoid double counting of credits, given the lack of a global standard. Mr. Levin replied that programmes were structured in line with regional quality programmes with the goal of creating carbon offsets that could be used for regional purposes. Every unit had a unique serial number and could only exist in one account once, after which the number was frozen. That number was shared with other organizations to guard against double counting. In other cases every tonne was marked with a unique serial number that was publicly available.

20. One representative noted that many of the existing technical services did not deal with mixtures of ozone-depleting substances and asked how the latter could be tackled. She also wished to know whether there was a study comparing the cost of transport of such substances to that of carbon dioxide. Regarding mixtures it was noted that when the ozone-depleting substances were destroyed, laboratory facilities were able to separate the gases to determine which were eligible for credit. While there were no exact figures concerning transport, project development phases indicated that the transport and destruction of substances involved lower costs than did their acquisition.

21. With regard to market price it was noted that feedback from ozone-depleting substances projects suggested that the appropriate technology existed and that any price from \$5 to \$10 per tonne of carbon dioxide equivalent was viable.

C. Presentations by commercial firms currently engaged in recovery, destruction or both

22. Experts from commercial firms in Austria, Brazil, India, Japan and Mexico engaged in the recovery or destruction of banks of ozone-depleting substances gave presentations on how they carried out their activities.

23. Mr. Clemens Plöchl, Energy Changes, Vienna, said that his company developed and operated carbon reduction and renewable energy projects. Commercial incentives existed to collect and destroy ozone-depleting substances, particularly in industrialized countries, where regulations such as the European Community Waste Electrical and Electronic Equipment Directive were creating markets for end-of-life refrigerator recycling, though in developing countries additional financing mechanisms were urgently required. The carbon market, with its uniform regulation and structure and its capacity to generate continuous cash flow, offered particular promise and continued to grow rapidly. Voluntary emission reduction was increasingly used by people wishing to offset emissions linked to their way of life, and the problems of non-standardization and vulnerability to economic fluctuations were being countered by the development of such mechanisms as the Voluntary Carbon Standard Programme and the Climate Action Reserve. He outlined a number of issues requiring attention, including the logistics of collecting ozone-depleting substances; specific features of carbon markets, including financing and

cash flow; methodologies relating to the phase-out of HCFCs; and the need for compliance markets to supplement the voluntary carbon market.

24. Mr. Roberto Castillo Lopes, Essencis Soluções Ambientais, Brazil, outlined the flow of ozone-depleting substances in his country and the legislative and policy framework regulating that flow. Essencis, founded in 2001, was currently the largest company in the Brazilian environmental services market, employing 800 people and handling about 2.8 million tonnes of waste yearly. The company followed a step-by-step approach to scaling up reverse manufacturing, starting with manual dismantling and moving on to oil degassing, mechanized dismantling and treatment of polyurethane panels, and finally an all-in-one equipment solution. The export model was not suitable for Brazil, given that the country had sufficient local destruction capacity. Seven of the incinerators in Brazil were capable of dealing with CFCs, and the United Nations Development Programme (UNDP) was finalizing a report on the current destruction capacity in the country. Challenges included the initial cost of investment, sustainable operation, and integration of processes with the international carbon market. Bilateral cooperation and donor assistance with start-up activities were crucial. The current scenario was financially balanced, with revenue covering costs, but future sustainability was not guaranteed owing to additional costs related to foam degassing and other processes. Sufficient carbon market revenue was essential for developing a sustainable business model, and the Government, implementing agencies and private companies must join forces to develop the national market.

25. Mr. Samir Arora, Industrial Foams Private Limited, India, gave a presentation on commercial firms planning to engage in recovery and destruction of ozone-depleting substance banks in that country, primarily from the refrigeration, air-conditioning and foam sectors. While India was one of the largest producers and consumers of ozone-depleting substances, there were no plants dedicated to recovery and destruction of banks of those substances. Areas requiring particular attention included capacity development, for example, for surveying the location, size and type of banks; technical aspects, including collection of substances and storage and transportation logistics; and devising incentives for actors at each stage of the process. Other needs included awareness-raising and education regarding the dangers of venting ozone-depleting substances to the atmosphere; training for those dealing with end-of-life equipment; and the formulation of clear procedures for collection, reclamation and destruction of ozone-depleting substances. A demonstration project in a country such as India would greatly assist in establishing a technical, financial and management model for sustainable operation of destruction facilities in developing countries. Recent activity in India had the potential to accelerate the waste stream, making the situation all the more urgent; for example, Indian Railways was implementing an aggressive programme to retrofit its CFC-12-based air-conditioning systems, and the Government had recently introduced a mandatory energy efficiency levelling programme for refrigeration and air-conditioning equipment. It was crucial to develop a business model for the sector that would encourage and reward private-sector involvement in recovery and destruction of banks of ozone-depleting substances.

26. Mr. Jotaro Sugimoto, Asada Corporation, Japan, gave a presentation on technical innovation in the recovery, reclamation and destruction of refrigerants and other greenhouse gases. Asada had introduced more than 20 kinds of machines to carry out those tasks, including a decomposition device for fluorocarbon, the Plasma X, which he highlighted in his presentation. Arc plasma technology enabled the required high temperatures to be reached within a compact device that could easily be moved as needed, reducing the dangers inherent in the transportation of dangerous substances. Other advantages included efficient destruction (with a decomposition rate of nearly 100 per cent); a low investment cost and easy maintenance; and simple and safe operation. The machine had been demonstrated during the Twenty-First Meeting of the Parties to the Montreal Protocol in Port Ghalib, Egypt, in November 2009, and had attracted considerable attention.

27. Mr. Agustin Quintana Soto, Silver Breeze Centre for Recycling Refrigerants, Mexico, said that in 2007 his company had been selected by the Secretariat of Environment and Natural Resources to be one of 14 centres engaged in recycling refrigerants in Mexico as part of the national plan for the elimination of CFCs. The facility had begun operation in 2008. With the assistance of the United Nations Industrial Development Organization technicians had been trained in best practices for recovering ozone-depleting substances from refrigeration and air-conditioning devices. In early 2010 a national association of refrigerant recycling centres had been formed to share information and technology. He outlined the methodology used for demanufacturing appliances, including identification and measurement, recovery and storage of gases, and recovery of foam, for which manual techniques were most economical. The gases were transported to companies with the capacity to deal with them. All pertinent information on the items dealt with was stored in a database and also fed into national databases. Substitution programmes were funded by the federal Government, and over

100 demanufacturing centres were in operation. It was important to develop proper mechanisms and increase the number of companies able to engage in recycling, giving the growing scale of activity, with over 450,000 appliances dealt with in the year beginning in June 2009.

D. Experience of leveraging funds under the Strategic Approach to International Chemicals Management to detail the scope and location of stocks of ozone-depleting substances available for destruction

28. The first presentation under the agenda item was by Mr. Marin Kocov, National Ozone Unit, Ministry of Environment and Physical Planning, former Yugoslav Republic of Macedonia, who spoke about the linkages between various global initiatives for the sound management of chemicals, focusing on his country's experience mobilizing funds. He began by saying that management of persistent organic pollutants there had started in 2002 with a Global Environment Facility (GEF) grant to prepare a national implementation plan for the reduction and elimination of persistent organic pollutants. Experience related to the Montreal Protocol had been crucial in preparing the plan and carrying out related activities. Several projects had been implemented with assistance from the Government of Switzerland. Despite many activities relating to ozone-depleting substances and persistent organic pollutants, the country's national chemical profile had not yet been finalized and was included in a project to develop and mainstream a national plan for implementation of the Strategic Approach to International Chemicals Management.

29. He described the financial mechanism of the Strategic Approach, called the Quick Start Programme, which had been established as a time-limited trust fund to receive contributions until 30 November 2011. To date over \$23 million had been received from 23 donors. Developing countries and countries with economies in transition were eligible for support from the trust fund, with priority given to least developed countries and small island developing states. The ninth round of applications to the programme would close on 27 August 2010, and Governments participating in the Strategic Approach that had given it appropriate formal recognition could submit proposals.

30. His country's project approved under the Quick Start Programme included among its priorities management of waste and obsolete chemicals and remediation of contaminated sites. An inventory, collection and storage of ozone-depleting substances had been funded by the Government. The Strategic Approach had been instrumental in ensuring that all chemicals were tackled together.

31. Mr. Kristian Brüning, Nordic Environment Finance Corporation, gave a presentation on a study and pilot project for the use of voluntary carbon markets to finance destruction of ozone-depleting substances in the Russian Federation. His organization was interested in financing sound management of banks of such substances in that country, with the long-term objective of creating viable alternatives for their management and destruction. He said that there was a need to understand and explore the link between carbon markets and the climate benefits of destroying ozone-depleting substances. The value of voluntary carbon markets remained unclear, as did the viability of private-sector solutions. The aim of the pilot project was to establish a procedural and methodological foundation for co-financing a project for the management and destruction of ozone-depleting substances relating to household refrigeration appliances in the Russian Federation with proceeds from the sale of greenhouse gas emission reduction credits.

32. The concept study had included identification of the needs imposed by the relevant methodology, details concerning the pilot project and local partners, cost estimates and an evaluation of possibilities and prerequisites for financing via the voluntary carbon market. The pilot project had involved a local partnership for sourcing, transporting and destroying small volumes of ozone-depleting substances, namely 3 tonnes of R-12 and R-22 from refrigeration equipment in the Moscow region, to determine whether the whole chain from acquisition to destruction would work. The final step had included identification of lessons learned and of options including construction of a new municipal waste treatment facility, integration of ozone-depleting substances management and destruction into plans and use of voluntary carbon markets to co-finance additional investment in management and destruction technology. Advisory services had been provided by Climate Wedge, a firm providing carbon-related advisory and asset management services.

33. The results had suggested that, as many costs were fixed, it was more lucrative to focus on high-end carbon gases. Although export for destruction elsewhere had been examined, it had not been considered a viable alternative. He noted that the cost estimates for ozone-depleting substance management and destruction derived in the study were almost 50 per cent lower than average estimates in studies by the Technology and Economic Assessment Panel.

IV. Potential additional options for mobilizing funds

A. Report to the Executive Committee of the Multilateral Fund on the mobilization of resources using the carbon markets and the development of methodologies to encourage destruction and related benefits

34. The representative of the World Bank presented the results of a study, conducted by the World Bank on behalf of the Executive Committee of the Multilateral Fund, on financing the destruction of unwanted ozone-depleting substances through the voluntary carbon market. He said that, although the destruction of ozone-depleting substances was not covered under the Clean Development Mechanism, its high cost could be covered through the voluntary carbon market, with the high global warming potential of ozone-depleting substances generating significant carbon credits. The demand for credits for the destruction of ozone-depleting substances was affected by the relationship between the future size of the voluntary carbon market and the volume of ozone-depleting substances for destruction. A global market platform had been created with the following three standards offering credits for the destruction of ozone-depleting substances, including for projects in parties operating under paragraph 1 of Article 5: the Chicago Climate Exchange, the Climate Action Reserve and the Voluntary Carbon Standard. The report on the study was available at www.worldbank.org/montrealprotocol.

B. Possibilities for funding or co-funding activities related to the destruction of ozone-depleting substances under other funding mechanisms

35. The representative of GEF gave a presentation on opportunities for the management and destruction of ozone-depleting substances through GEF programmes. Since 1992, GEF had supported 30 projects in 18 countries with economies in transition, phasing out an estimated total of between 20,000 and 29,000 ODP tonnes. Now that the fifth GEF replenishment had just been completed, with pledges of \$4.3 billion for the following four years (an increase of 52 per cent over the previous replenishment), countries had the opportunity to direct some of that funding to the destruction of ozone-depleting substances by promoting synergies with persistent organic pollutant and climate change mitigation programmes, whose existing infrastructures for the collection, safe storage and destruction of persistent organic pollutants could also be used for the destruction of ozone-depleting substances.

36. The representative of the European Union asked about the \$25 million of the latest GEF replenishment that had been earmarked for countries with economies in transition to implement the requirements of the Montreal Protocol, remarking that that funding would make it possible to continue the work on HCFCs that had been started under the Multilateral Fund. The representative of GEF confirmed that such funds had indeed been so earmarked and explained that, because the extra cost involved in including the destruction of ozone-depleting substances when upgrading facilities was minimal, countries should be encouraged to discuss with their persistent organic pollutant focal points the inclusion in project design of the destruction of ozone-depleting substances.

C. Possible development of a facility to leverage additional funding for the destruction of ozone-depleting substances

37. The secretariat of the Multilateral Fund gave a presentation on the work and activities of the Executive Committee of the Fund relating to the establishment of a special funding facility to support the destruction of ozone-depleting substances and the achievement of enhanced environmental benefits not directly related to compliance with the Montreal Protocol. The full report on the special funding facility was to be submitted to the Open-ended Working Group of the Parties to the Montreal Protocol at its thirtieth meeting, to be held from 15 to 18 June 2010.

38. The representative of UNDP gave a presentation on considerations with regard to a facility to finance the climate benefits of management of banks of ozone-depleting substances. Since sources of financing needed to be sufficient and sustained, a special facility would be preferable to voluntary carbon markets as it would provide a systematic approach to the management of banks of ozone-depleting substances. A number of possibilities for the structure of such a facility could be considered, with designs modelled upon the Prototype Carbon Fund established to fund implementation of the Clean Development Mechanism and upon the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries. Partnerships could be established with the Multilateral Fund or its implementing agencies and Montreal Protocol bodies for the purpose of managing the funding of the facility and overseeing its operation.

39. The representative of Colombia asked if the facility would be managed by the Multilateral Fund or by a new body. The representative of UNDP responded that the housing of the facility would be a function of the relative expertise and efficiency of the various existing institutions; alternatively, a new institution could be established to manage and oversee the facility.

40. The representative of Canada observed that it could be desirable in the long term to deal with HCFCs through the carbon markets and asked what procedures could be implemented to tackle perverse incentives, in particular given that HCFCs would continue to be produced for 20 years. The representative of UNDP acknowledged the risk of perverse incentives and said that procedures would indeed be needed for tracking and documenting the origin of HCFCs destined for destruction.

V. Synthesis and next steps

41. The co-chairs summarized the main points of the discussion, focusing on the pressure to act quickly; options for financing and the participation of the private sector; strategies for destruction and other strategies; synergies with regard to disposal of different chemicals; the challenges faced by low-volume-consuming countries; and the importance of the sustainability of projects. A window of opportunity to recover ozone-depleting substances existed until 2020, in particular to consider banks of CFCs in parties operating under paragraph 1 of Article 5. While the recovery of ozone-depleting substances would be profitable in the short term, the issue of financing merited further discussion. Financing through voluntary and compliance carbon markets had great potential, but ensuring their efficacy and integrity would be important. There was also great potential for participation by the private sector; it would have to be determined to what extent activities would require the assistance of Governments. While providing incentives for collection and recovery could be important, they had not been found to be essential. Energy efficiency strategies should also be pursued and synergies sought in the management of various chemicals with a view to using projects and infrastructure to dispose of ozone-depleting substances at the same time as other chemicals, such as persistent organic pollutants. Countries with large-scale economies and experience of or programmes for the destruction or substitution of refrigerants had many more options to pursue in dealing with stocks of ozone-depleting substances than did smaller countries. Medium- and low-volume-consuming countries might therefore wish to consider aggregating their stockpiles of ozone-depleting substances for destruction, and some pilot projects in that area had been implemented. While the length of time required for project development under GEF and the World Bank remained a concern, progress had been made in speeding up project approval. Finally, decision makers should ensure that projects were sustainable.

VI. Closure of the seminar

42. The co-chairs informed participants that they would prepare a summary of the seminar for consideration by the Open-ended Working Group at its thirtieth meeting, to be held from 15 to 18 June 2010. Following concluding remarks, they declared the meeting closed at 6:15 p.m.