



**PROJECT EXECUTIVE SUMMARY
REQUEST FOR MEDIUM-SIZED PROJECT APPROVAL
UNDER THE GEF Trust Fund**

GEFSEC PROJECT ID: 3185
IA/ExA PROJECT ID:
COUNTRY: Kazakhstan, Tajikistan, Uzbekistan, Azerbaijan
PROJECT TITLE: Continued Institutional Strengthening Support for CEITs to meet the obligations of the Montreal Protocol
GEF IA/ExA: UNEP
OTHER PROJECT EXECUTING AGENCY(IES): National Ozone Units of the countries
DURATION: 2.5 years
GEF FOCAL AREA: Ozone Depletion
GEF STRATEGIC OBJECTIVES: SHORT TERM RESPONSE MEASURES TO OZONE.
GEF OPERATIONAL PROGRAM: Ozone-STRM
PIF APPROVAL DATE:
PPG APPROVAL DATE:
ESTIMATED STARTING DATE: JUNE 2007
IA/ExA FEE:
EXPECTED AGENCY APPROVAL DATE: May 2007
EXPECTED PROJECT GRANT CLOSING DATE: March 2010
EXP. TERMINAL REPORT SUBMISS: April 2010

FINANCING PLAN (\$)		
	PPG	Project*
GEF Total		835,000
Co-financing	(provide details in Section b: Co-financing)	
GEF IA/ExA		300,000
Government		108,040
Others		
Co-financing Total		408,040
Total		1,243,040
Financing for Associated Activities If Any: 728,191 (Green Customs initiative)		

** For multi-focal projects, indicate agreed split between focal area allocations

FOR JOINT PARTNERSHIP**		
GEF PROJECT/COMPONENT (\$)		
(Agency Name)	(Share)	(Fee)
(Agency Name)	(Share)	(Fee)
(Agency Name)	(Share)	(Fee)

*** Projects that are jointly implemented by more than one IA or ExA

CONTRIBUTION TO KEY INDICATORS IDENTIFIED IN THE FOCAL AREA STRATEGIES:

Continued execution of activities at the national level to complete ODS phase out as required under the Montreal Protocol.

Approved on behalf of the *UNEP*. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for a Medium-sized Project.

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1. PROJECT SUMMARY

a) **PROJECT RATIONALE, OBJECTIVES, OUTCOMES/OUTPUTS, AND ACTIVITIES.**
The project aims at giving the second phase of support to institutional strengthening and capacity building of the National Ozone Units (NOUs) and stakeholders in Kazakhstan, Tajikistan, Uzbekistan and Azerbaijan, as was anticipated at the approval of the first phase of IS support for these countries. These countries also had projects to strengthen the capacity of Customs Officers and the technicians in the Refrigeration Sector in Handling Ozone Depleting Substances (ODS).

Having completed or nearly completed their first projects, the countries have indicated remaining work in the following areas:- (1) Support and improvement of ODS Import/Export substances as the Montreal Protocol schedule now requires monitoring of hydrofluorocarbons (HCFCs), methyl bromide (MB) and other chemicals due for phase out from 2005 and beyond; (2) attendant to the increased restrictions of the Montreal Protocol, as well as the past operating experience of ODS control mechanisms, there is a need for further legislative and regulatory strengthening of control instruments; (3) the issue of illegal trade is very prominent in the countries, necessitating collaboration with their neighbours, particularly Article 5 producers (such as India and China) which can act as a source of illegal ODS imports; (4) the NOUs are also exploring interlinkages of activities with Climate Change activities (emission reductions), and are exploring cost-effective destruction solutions for unwanted ODS. The NOUs also are needed to execute other ODS control projects in their countries.

As Article 2 countries, these countries must maintain the following phase out schedules for the family of ODS:- 1996 – total phase out of CFCs, other fully halogenated compounds, CCl₄ and C₂H₃Cl₃; 2004: HCFC reduced to 65% of baseline; 2005: total MB phase out; 2010- HCFCs reduced to 35% of baseline; 2015- HCFCs reduced to 10% of baseline; 2020- HCFCs reduced to 0.5% of baseline; 2030- total HCFC phase out.

The current (2005) remaining consumption of ODS across the countries has been reported to the Ozone Secretariat as follows:-

Kazakhstan: 0 ODP t CFC (baseline 1206.16 ODP t); 40,047 ODP t HCFCs (baseline 39.543 ODP t)

Tadjikistan : 3.461 ODP t HCFC (baseline 5.962 ODP t)

Uzbekistan: 0 ODP t HCFC (74.759 ODP t)

Azerbaijan: 21.9 ODP t CFC¹ (baseline 480.6 ODP t)

Total: 21.9 ODP t CFC; 43.508 ODP t HCFC

Several of these countries implement plans of action, as specified by the Implementation Committee in response to past instances of non-compliance: (Kazakhstan (CFC, MeBr), Azerbaijan (CFC), Tajikistan (CFC, MeBr). In assessing ratifications, it should be noted that all Tajikistan and Kazakhstan have ratified the London Amendment; Uzbekistan has ratified the London and Copenhagen Amendments, while Azerbaijan has ratified the London, Copenhagen and Montreal Amendments of the Montreal Protocol. Kazakhstan was in non-compliance with its CFC plan of action in 2004, as was Azerbaijan in 2005. None of the countries have indicated methyl bromide consumption since 2000.

Nevertheless, it is clear that the countries have already made great strides in eliminating ODS with previous GEF assistance. The Implementation Committee (ImpCom) of the Montreal Protocol has indicated that there is work that remains to be done in these countries and that further GEF assistance should be sought to address outstanding phase out, strengthen and improve the controls in place, and ensure that ODS phase out is sustained in the long term, as is expected under the Montreal Protocol.

UNEP has been working in the region amongst both the Article 5 and Article 2 countries to promote cooperation on illegal trade of ODS. Specifically, OzonAction CAP retains the Network of Eastern European and Central Asian (ECA) countries as well as a Green Customs programme, both of which promote, *inter alia*, regional coordination on tracking the movement of ODS. It should be noted that issues relating to stockpiling and disposal/destruction of ODS are also being raised in these fora; and there is evidence that there may be a need for cooperation across Focal areas, since resources for the destruction of Persistent Organic Pollutants (POPs) are also being sought. What is more, there is a need for coordination between lead agencies handling the IS projects for various countries in the region so that there is coherency to regional efforts within the context of transboundary issues. UNEP will have a key role in leveraging existing activities, facilitating coordination between countries on these transboundary, interlinkage issues. UNEP can also facilitate coordination between agencies to ensure that all countries in the region, irrespective of lead implementing agency, might participate in regional dialogue.

As such the project objective is to continue the support to the NOUs in the countries so that they might carry out the work in the aforementioned areas, specifically providing the financial assistance for such elements as:-

- capital expenditure, including office equipment such as photocopier, computer, fax etc;
- recurrent expenditure, including salary incentives, local travel, information dissemination, communication costs etc.
- organisation of training and awareness-raising exercises for stakeholders which consume ODS (which includes preparation of training materials, fees for appropriate expertise, local travel, DSA etc).
- organisation of training and awareness-raising exercises for cooperating government officers (particularly within Customs & Excise), to further enhance ODS Licensing Mechanisms and to explore ODS disposal/destruction mechanisms at the national and regional level (which includes preparation of training materials, fees for appropriate expertise, travel and DSA for local and regional meetings to combat illegal trade and stockpiling of ODS).

The expected **outcome** of such support would be the development and enforcement of national policies and mechanisms able to achieve long-term phase out, monitoring and control of ODS consumption in the countries in the face of ever-increasing phase out restrictions of the Montreal Protocol.

Expected **outputs** would include:-

- Enhanced ODS Licensing Mechanisms in place, with increased scope of elements for monitoring, flexibility (to adjust to changes in the Montreal Protocol Schedule) and cooperation between national players
- Enhanced legislative and regulatory support for the ODS Licensing Systems
- Improved coordination and cooperation at the national and regional level on illegal trade of ODS
- Improved coordination and cooperation at the national and regional level on ODS stockpiling and disposal/destruction issues.

ACTIVITIES & DESIGN

These countries have already been a part of the Institutional Strengthening Project process, within which they were able to:-

- Establish a National Ozone Unit to act as focal point for the national implementation of the Montreal Protocol.
- Establish requirements on the labelling of ODS and ODS using equipment and products;
- Develop and carry out Public awareness campaigns on ozone issues (including the preparation of pamphlets, brochures, preparation and publication of articles and programmes in the print and electronic media, preparation of seminars and Ozone-day celebrations);
- Meet their obligations under Article 7 of the Montreal Protocol, collecting, processing and analysing data on ODS consumption, import/export for submission to the Ozone Secretariat;
- Collect data on recovered and recycled CFCs;
- Put the necessary sector-specific restrictions in place to effect national ODS phase-out;
- Draft and put into effect ODS licensing legislation for ODS import/export control, and establish quota systems for imports;
- Submit progress reports and expenditure reports on implementation of their Institutional Strengthening (IS) and training projects;
- Coordinate training for National Refrigeration Technicians on CFC recovery and recycling
- Establish a certification system for refrigeration technicians
- Establish a system to regulate ODS emissions
- Coordinate training for National Customs Officers on Enforcing and Executing national ODS Licensing Mechanisms.
- Coordinate, monitor and execute all of the projects identified in their Country Programme (including those projects of Implementing agencies other than UNEP)

In the wake of calls from the Implementation Committee for further assessment of needs to ensure completion of the national implementation of the Montreal Protocol, Kazakhstan, Tajikistan, Uzbekistan and Azerbaijan submitted a list of further needs to UNEP, which included the following points:-

- (1) Need for support and improvement of ODS Import/Export substances as the Montreal Protocol schedule now requires monitoring of hydrofluorocarbons (HCFCs), methyl bromide (MB) and other chemicals due for phase out from 2005 and beyond;

- (2) Need for further legislative and regulatory strengthening of control instruments in the face of the increased restrictions of the Montreal Protocol, as well as the past operating experience of ODS control mechanisms;
- (3) Need for collaboration with neighbouring countries, particularly Article 5 producers (such as India and China), as well as any stockpiling countries which can act as a source of illegal ODS imports;
- (4) Need for further exploration of interlinkage issues, such as with Climate Change activities (emission reductions), and the cost-effective destruction solutions for unwanted ODS.
- (5) Need for continued IS support in the areas of NOU staffing, organization of awareness-raising campaigns and training, Article 7 monitoring and reporting, and continued coordination of national implementation of the Montreal Protocol.
- (6) Need for strengthening of tracking of recycled and recovered ODS at national recycling centres.

In addition, the countries asked to participate in the Multilateral Fund supported Network for Eastern Europe and Central Asia, through which several transboundary issues are being addressed. The Network has also been a tool of additional support being neighbouring countries in the region.

As such the Activities and Sub-Activities of this Project can be elaborated at the Country and Regional levels as follows (funding support will occur through the country-specific allocations in the umbrella budget at Annex 1).

Country Level

Activity 1: Continuation of the Ozone Office

- Sub-activity (i): Establishment of a new work plan elaborating any additional roles of the ozone office in the face of new requirements of the Montreal Protocol
- (a) Administer, coordinate and supervise implementation of the Institutional Strengthening Project and any additional activities that support the implementation of the Montreal Protocol, and report on their progress;
 - (b) Coordinate the relevant inter-ministerial and inter-sectoral activities
 - (c) Initiate and coordinate the preparation of relevant legislative acts;
 - (d) Continue to raise awareness on Ozone issues and the available technical solutions, legal controls etc.
 - (e) Collect, analyse and distribute information on alternatives substances, technologies,
 - (f) Provide guidance to stakeholders on handling of ODS
 - (g) Follow-Up and evaluate the compliance of the phase out schedule
- Sub-activity (ii): Recruitment where necessary of staff and expertise, procurement of equipment.
- Sub-activity (iii): Development of modalities to incorporate NOU functions into the government institutional framework for the long-term.

Activity 2: Legislative Measures for Phase Out of ODS

- Sub-activity (i): Relevant review, improvements and adjustments of national phase out schedules and sector-specific restrictions
- Sub-activity (ii): Relevant review, improvements and adjustment of regulations on ODS import/export restrictions, quota system and the overall licensing system
- Sub-activity (iii): Relevant review, improvements and adjustments of labeling requirements for ODS and ODS containing-equipment
- Sub-activity (iv): Further elaboration of an ODS emission regulations
- Sub-activity (v): Establishment of a system/ completion of certification of refrigeration technicians and other users of ODS

Activity 3: Public Awareness Programmes

- Sub-activity (i): Prepare campaigns in the print and electronic media as necessary on ozone issues, particularly to highlight any enhanced controls on ODS use

Activity 4: Data and Information Collection on ODS Use and Consumption

- Sub-activity (i): Data collection, processing and analysis on ODS consumption
- Sub-activity (ii): Data collection, processing and analysis on recovered and recycled CFCs (and HCFCs)
- Sub-activity (iii): Where it occurs, data collection on stockpiled and destroyed ODS

Activity 5: Overall Coordination and Monitoring of National Phase Out Plan

- Sub-activity (i): Identify, formulate and monitor any further projects required to achieve final ODS phase out, whether at the national or regional level
- Sub-activity (ii): Cooperation in the field with Customs in the control of ODS import/export
- Sub-activity (iii): Collection, distribution and systemization of information on alternative ODS and ODS destruction technologies

Activity 6: Reporting

- Sub-activity (i): Submission of annual report on ODS consumption to Ozone Secretariat
- Sub-activity (ii): Submission of progress and expenditure reports on the implementation of the IS projects, and any other ODS projects being carried out in the country.

Regional Level

Coordination on long-term sustaining of NOU function, Illegal Trade, ODS Destruction and other Transboundary issues

UNEP, retaining both the Network for Eastern Europe and Central Asia (ECA) and the Green Customs Programme, shall be responsible for incorporating these countries into the

regional activities to promote coordination on illegal trade, ODS stockpiling/destruction and any other regional or transboundary issues. It should be noted that Networks also permit cooperation and exchange of lessons-learned on national activities such as incorporation of NOU function into the institutional infrastructure, certification systems, legislation etc., as well as to incorporate issues related to the work of other implementing agencies in the region. This ensures that there is across-the-board uniformity in the regional approach to ODS control.

Further, UNEP OzonAction's CAP has been involved in other activities which directly inform the design of this project, namely:-

- The MLF- Swedish bilateral project on Customs Cooperation in the South East Asia and Pacific (SEAP) region, which aims to control illegal trade of ODS; and
- The Trilateral Meeting on Control of Trade in ODS, which brought representatives of Europe and Central Asia, and of South Asia together, namely, China, Kazakhstan and Kyrgyzstan. (25-27 August, 2005, Issyk-Kul Lake, Cholpon-Ata, Kyrgyzstan). This meeting was sited at the border region near where these three countries are joined.

The specific role of these activities will be highlighted in the following sections.

Role of the ECA Network

Due to historical reasons countries with economies in transition of Europe and Central Asia were divided for the purposes of the Montreal Protocol into two groups, namely countries operating under Article 5 of the Protocol (A5) and countries operating under Article 2 (A2). Since the sources of financial support to these groups are different, for many years the countries, as a geographic region, did not have the established mechanism, such as a regional network for both A5 and A2 countries, for regular communication and cooperation. However in 2003, a Regional A5 Ozone Network for Europe and Central Asia, was established, funded by the MLF.

An annual workplan is submitted to the Executive Committee of the Montreal Protocol for funding, and to date, (including CAP 2006, staff costs, programmatic costs, regional awareness raising, country-to-country assistance and network meetings) more than US\$ 1.1 million have been approved for the Network to promote South-South cooperation, host regional meetings on ODS issues, and provide funding assistance for activities in low volume countries normally ineligible for project funding due to their low consumption (see Annex 3 for a description of the Network and its mandate). In addition, the funding does permit on occasion the attendance of A2 neighbouring countries to meetings as resource persons, if deemed relevant to the proceedings.

Kazakhstan, Uzbekistan, and Tajikistan have all been funded by the MLF to participate in ECA Network meetings in the past¹. Poland, Hungary, Slovak Republic and Czech Republic have also participated in past meetings, funded by the Network. Hungary, Slovak Republic and the Czech Republic were all initial donors to the Network to the tune of approx. US\$ 160,000.

¹ Azerbaijan, though invited was unable to attend.

The second meeting of the ECA Network (25 to 28 May, 2004 in Sarajevo – Fojnica, Bosnia and Herzegovina) requested UNEP to organize a meeting of A5 and A2 countries of the region to discuss solutions to the need for improved regional coordination. In response to this an Informal Meeting for A5 and A2 countries was held 13 July 2004 in the margins of the 24th Meeting of the Open-Ended Working Group (OEWG) to the Montreal Protocol. It was attended by 32 delegates from 17 countries (Armenia, Azerbaijan, Austria, Bulgaria, Czech Republic, Georgia, Hungary, Kyrgyzstan, Macedonia, Moldova, Russian Federation, Slovak Republic, Serbia and Montenegro, Sweden, Tajikistan, Ukraine and Uzbekistan) and UNEP's delegation.

Discussions focused on the following issues:

- ◆ Priority areas of cooperation between A5 and A2 (illegal trade, transfer of experience and expertise);
- ◆ Means to enhance the information exchange;
- ◆ Difficulties in securing funds for a joint A5-A2 regional network;
- ◆ Possible ways to bring representatives of A2 countries to meetings of the Regional Network for Europe and Central Asia.

One of the relevant recommendations from this meeting, was a request for UNEP to continue facilitating information exchange in the region, perhaps in part through a submission of a request for GEF support for a Regional Network for A2 countries with economies in transition. However, the countries stressed that they preferred one functioning mechanism for cooperation rather than two separate networks, and felt that the funding mechanism differences were artificially separating the countries in their efforts to collaborate.

Also discussed was the potential for replication of the SEAP project on Customs Cooperation. This project approach seeks the creation of an Enforcement Network of national ozone officers and customs officers to combat illegal trade, and the Swedes are interested in replicating this project in other sub-regions. They have, as of ExCom 48 received approval for the expansion of the SEAP enforcement network to cover all chemicals. The Second Meeting of Ozone Officers of the ECA Network (25-28 May, 2004, Sarajevo-Fojnica, Bosnia & Herzegovina) expressed an interest in having such an approach, and the Swedish government has thus far shown an interest in replicating an enforcement network (starting with ODS) in the ECA Region.

Attendant to this UNEP organized the aforementioned Trilateral Meeting on Control of Trade in ODS, which brought representatives of China, Kazakhstan and Kyrgyzstan together to discuss the need for connecting enforcement efforts from Asia through Central Asia, and thus to Europe. China as an Article 5 producer of ODS had a key role to play in assisting the A-5 and A-2 neighbouring countries prevent illegal ODS from finding its way across their borders. Apart from discussing mechanisms to monitor transboundary movement of ODS, they also covered mechanisms related to:-

- the voluntary application of PIC procedures,
- information exchange between importing and exporting countries;
- joint customs training for China and Central Asian Countries

- the establishment of a website/e-forum on illegal trade issues in Central Asia
- the establishment of a regional centre for ODS destruction

Tajikistan has also corresponded with UNEP OzonAction to indicate that they would like to be involved in any follow-up meetings and activities, and this has been echoed by Uzbekistan and Azerbaijan.

In the context of destruction issues, the ECA Network has decided to hold a thematic meeting on ODS/POP destruction back-to-back with the next Main Network Meeting in Tbilisi, Georgia in Spring 2006. This topic was first raised in Spring of 2004 by Uzbekistan, and now has become an emerging issue in the ECA region as a whole. Indeed the Montreal Protocol is organizing an Expert Meeting on Waste ODS and destruction 22-24 February, 2006 to discuss a way forward. At the moment, Japan is exploring utilizing a portion of its MLF contribution for bilateral support of a destruction facility in China.

Discussions within the ECA Network and invited CEITs have so far generated thinking that a destruction facility should address both POPs and ODS (amongst other chemicals), and that start-up activities might include:-

- an assessment of unwanted quantities of POPs and ODS
- identification of economic feasibility/viability of a sub-regional facility (taking into account transportation costs, associated customs processes, operational costs etc.)

The group has also discussed the possibility of seeking synergies with approved POPs (NIPs) projects in the region/sub-region (eg. in Azerbaijan (UNIDO), Kazakhstan (UNDP), Kyrgyzstan and Tajikistan (UNEP)). Further, Switzerland has expressed an interest in co-financing activities in chemicals activities in the Central Asian sub-region, thus potentially providing another potential source of financing for future POPs/ODS destruction activities.

In addition, the MLF-funded A-5 countries are currently in position for a regional assessment of HCFCs, in preparation for the later phase out of this ODS, which has already begun in the A-2 countries. UNDP is reportedly currently developing a GEF-funded HCFC project for the CEITs, for which UNEP is to act as co-executing agency. As such there is opportunity for the more advanced A-2 countries to share and compare their options, strategies and policies as relates to the progress made on their HCFC phase out to date.

Finally, UNEP OzonAction is closely monitoring for opportunities to collaborate with OECD's Regional Environmental Programme Implementation Network (REPIN). The REPIN Network facilitates dialogue and cooperation between environment ministry officials and environmental inspectorates within the Eastern European and Central Asian countries, to help bring about a better alignment of environmental policy development and implementation. It has also begun to engage enterprises – the regulatees – in its work. The network has also provided a mechanism for sharing information, disseminating good practices and agreeing on policy recommendations – among these countries and between ECA and donor country representatives. It has also facilitated cooperation with broader

regional and international initiatives such as the EU Impel and Bercen Networks as well as the International Network for Environmental Compliance and Enforcement. The work through the network has also provided an important means of enhancing the knowledge and skills of participants from ECA countries, and has proved helpful in overcoming institutional barriers and in helping to integrate environment into more coherent, whole of government approaches. NGOs have played an active role in networking. This has helped build their capacities, provided valuable substantive inputs to meetings and helped to overcome some of the barriers to dialogue between ministry officials and the non-governmental sector. In 2005, this network has agreed to add Ozone issues to its list of MEAs it addresses. As such there is good opportunity to see an enhancement of support to Ozone activities, namely in the area of increasing ownership of ODS phase out activities in the long term, after MLF and GEF support has ended.

As such, provision of modest funds by the GEF to support the participation of the CEIT country officials in relevant meetings of the ECA Network (where the Network members request a need for collaboration on certain issues), and special meetings such as the Enforcement Network Meetings for the ECA countries, would be a cost-effective way of addressing the needs to combat illegal trade in the Central Asian region, by building on the Swedish Bilateral and MLF funding to the wider ECA Network, rather than have to fund an entire and separate mechanism for CEITs. It also avails the development of sub-regional strategies to cope with issues such as stockpiling and destruction of waste ODS and other chemicals, and in particular shows strong promise in sowing the seeds for ODS/POPs interlinkages at the country level.

UNEP can also use the network activities to facilitate discussions with other IAs working in the region, so that ODS work in general is carried out in a coordinated and cost-effective fashion, integrating ODS with wider chemicals management issues.

Role of UNEP's Green Customs Initiative

Background

UNEP is using an innovative mechanism to transmit Montreal Protocol messages to the wider compliance and enforcement community in developing countries: the Green Customs Initiative (GCI).

GCI helps developing countries prevent illegal trade in environmentally-sensitive commodities covered by specific multilateral environmental agreements (MEAs). This is being done through delivery of an integrated capacity building programme that helps customs officers understand the issue and provides them with the skills and tools needed to take action in the field. GCI is a partnership of MEA Secretariats (Ozone, CITES, Basel, Rotterdam, Stockholm), UNEP Divisions (DTIE, DEC, DEPI) and regional offices, the World Customs Organisation (WCO) and Interpol. It is supported by bilateral and multilateral sources, including the Governments of Norway, Finland and the Czech Republic, UNEP DEC, and the Organisation for the Prohibition of Chemical Weapons.

GCI works by promoting effective exchanges between the environmental and enforcement communities. It focuses on building capacity at the regional level that can be harnessed to

combat illegal environmental trade. WCO's Regional Intelligence Liaison Offices (RILOs) are key GCI participants in this respect. GCI has forged strong links and gained recognition by the countries and partners. Although the training does not replace specific customs training on each of the MEAs, it puts these agreements on the customs agenda and adds environmental modules to the national curricula.

In November 2005, the last of five Green Customs pilot workshops for this year was held in Tanzania (East African region). Awareness raising and introductory training plus working groups, practical exercises and bilateral consultations were on the agenda. Earlier in the year, workshops were organised in Syria (for West Asia), Trinidad and Tobago (for the Caribbean), Georgia (Caucasus) and Bhutan (South and Southeast Asia). Work continues on developing innovative training materials and modules, completing the training guide and translating it, and addressing the needs of other key stakeholders, such as prosecutors. Stakeholders related to the Montreal Protocol participated thanks to the financial assistance outside of the Multilateral Fund.

Through its participation in the GCI, UNEP has been able to include Montreal Protocol components in the joint training materials, propose Ozone Officers and customs officials from the Montreal Protocol community as expert speakers, and help get institutions such as the Environmental Investigation Agency involved in GCI training to share their expertise with combating illegal ODS trade. The inclusion of these experts and information means that the Montreal Protocol experience reaches targets not traditionally reached, including the national focal points of other MEAs, high-level staff of the GCI partners, and in some cases Party representatives to other conventions.

Governments of Norway, Finland and the Czech Republic have financially supported this Initiative. The Organisation for the Prohibition of Chemical Weapons (OPCW) is also cooperating with the organisation of Green Customs workshops, as well UNEP's Division of Environmental Conventions.

The primary target group has been customs officers. The initiative aims to create a network of centers of excellence in environmental implementation and enforcement by customs authorities. However, customs agencies operating in isolation are not sufficient. At the national level, customs is but one element of a "compliance and enforcement chain" that includes:

- Monitoring, detection, and seizure of illegal shipments by customs agencies,
- Investigation by police and ministry personnel,
- Prosecution of criminal cases involving such shipments by prosecuting attorneys, and
- Appropriate sentencing by the judiciary.

All the links in this chain must be strong for the whole enforcement system to be effective. The Green Customs Initiative aims at encouraging relationships among these actors and also to provide specific capacity-building for each of these categories of key stakeholders.

Current and planned activities include:

- ✓ 5 sub-regional or regional Green Customs **workshops** already held in 2005
- ✓ One additional workshop in Uzbekistan for Central Asia (held in February 2006)
- ✓ A new round of activities to be agreed with all Partners for 2007-8 (meeting to be held February end 2007).

- ✓ A **Training Guide** for Green Customs Initiative (GCI) drafted with contribution of all Partners, and to be completed in the first half of 2007 (top priority)
- ✓ Case studies on the linkages between environmental crime and organized crime being developed in coordination with Interpol
- ✓ Continued cooperation with organizations such the Organisation for the Prohibition of Chemical Weapons
- ✓ Various awareness materials completed or in preparation. Some examples of completed material: Brochure on Illegal Trade, New web site at www.greencustoms.org, Email alerts.
- ✓ Possibility of **thematic** Green Customs Workshops (Themes considered include: Implementation of MEAs in Free Trade Zones; Prior Informed Consent Procedures; or Linkages between environmental and organized crime).

Direct Assistance to CEITs

The training programme on ODS for customs officers, developed in consultation with the Ozone Secretariat and organized by UNEP's OzonAction Programme in association with WCO, aims at enabling customs officers to control and monitor the imports and exports of chlorofluorocarbon refrigerants as well as other ODS, and assisting countries in complying with both the freeze and phase-out schedules for ODS under the Montreal Protocol. The OzonAction Programme's training programme for customs officers follows a "train-the-trainers" approach. UNEP also conducts regional workshops on ODS monitoring, licensing systems and Harmonised System Codes in Eastern Europe, CIS, Africa, Latin America and other regions.

UNEP has conducted training for customs officers of the CEITs on implementation of the Montreal Protocol, namely through the GEF Project "Promoting Compliance with the Trade and Licensing Provisions of the Montreal Protocol in Countries with Economies in Transition" approved in 1998. Countries participating in the Project are Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. The objective of the Project is to enable compliance of CEITs with the MP trade and licensing provisions, and Decisions IX/8 and IX/9 of the September 1997 MOP.

The conclusions of the final meeting held under this project held in Budapest (12-14 May 2004) are quite interesting to consider in the context of potential interest in Green Customs activities in Central Asia:

Certain follow-up actions have been defined based on the recommendations from the workshop. Those include:

- ✓ UNEP DTIE to consider facilitating further development of funds for customs training programmes
- ✓ participating countries to establish permanent training programmes for customs officers on monitoring and control of ODS
- ✓ UNEP DTIE to stimulate participation of WCO representatives in the customs training process

- ✓ **UNEP DTIE to continue its “Green Customs Initiative” taking into account the need of allowing sufficient duration of the integrated courses**
- ✓ UNEP DTIE to consider establishment of regional body for coordination of the activities of NOUs in the interested CEITs and central on-line database where each country could report cases of illegal trade in ODS and to facilitate bilateral and multilateral exchange of information between the countries
- ✓ participating countries to provide to UNEP DTIE updated information on responsible contact persons dealing with import/export of ODS
- ✓ GEF and its implementing agencies to consider providing further support to the eligible countries from the Region in the area of enhancement of their capabilities of preventing and combating illegal trade in ODS
- ✓ participating countries to initiate Public Awareness Raising Campaigns aiming at dissemination of information on ODS in order to prevent development of illegal trade in ODS

UNEP OzoneAction has sought and received funding in the amount of US\$ 17,000 from the Czech Republic to facilitate a Green Customs meeting for Central Asian countries (A5 and A2). This workshop was held in Tashkent, Uzbekistan in February of 2006.

Overall, as of, 2005 UNEP OzoneAction has received bilateral funding to support its global Green Customs training activities to the tune of approximately US\$ 720,000. This includes contributions from the governments of Norway, Finland and Czech Republic, the Organisation for Prohibition of Chemical Weapons and from UNEP’s Department for Environmental Conventions (DEC). Although this funding is global, it supports the delivery of Green Customs support activities at the regional and subregional level. As an example, on 25-28 October 2005, a Green Customs workshop was held in Tbilisi, Georgia, with customs (and other enforcement) officers from the Caucasus, environmental officers as well as regional and international resource person. The RILO office for the CIS (located in Moscow) was present at this workshop, which helped initiate long-term partnerships in the subregion on combating environmental crimes and full-implementation of MEAs – including the Montreal Protocol. Representatives from Azerbaijan participated in this workshop, two customs officers as well as the NOU. As an interest resource for this region, Azerbaijan hosts a regional training centre of the World Customs Organisation (close to Baku) which could be approached as a ‘centre of excellence’ on Green Customs issues for this project.

As such, this project seeks modest funding to enable that the most useful tools are delivered to stakeholders in Central Asia for the combat against illegal trade in environmentally-sensitive commodities in the sub-region. Although some core funding would be available for translation of the main Green Customs training Guide, this project can provide additional funding for translation of other complementary training materials to Russian. Moreover, the generic text of the Green Customs Training Guide needs to be complemented by national examples and regulations – or even in some cases, translation in the other official language of the country.

This project would provide this complementary funding to enable the most effective impact of Green customs training for the Central Asia countries. In addition, where they are global activities of relevance to these countries within the context of Ozone, the participation of these countries might be facilitated.

The subregional workshop which took place in February 2006 would need to be followed up by activities at the national level. As such, GEF funding might support a pilot workshop for a Central Asia country with a more advanced status in the implementation of its ODS legislation. The team in OzonAction has indicated that an e-forum is to be set up after this workshop to further detail the workplan for the central Asian sub-region.

What is evident is that there is a convergence of goals as has evolved within the context of GCI, the earlier GEF Licensing project, and the ECA Network (specifically the discussions with Sweden to replicate the Enforcement Networks of Customs Officers in the Central Asian sub-region). UNEP is therefore committed to seeing a cost-effective way of supporting the numerous needs in the region, leveraging various funding sources wherever possible.

b) KEY INDICATORS, ASSUMPTIONS, AND RISKS

All key indicators and assumptions are laid out in the Project Logframe at Annex 2 of this document. However the key indicator of success for all IS projects is compliance with the requirements and ODS phase out schedule of the Montreal Protocol. This project also addresses the relevant key GEF focal area indicators.

There is actually fairly low risk associated with the project, since, as of 2005, the countries have between them only 21.9 ODP t CFC and 43.508 ODP t HCFC left to phase out. Most of the work lies in preventing illegal trade, which is also monitored through the global monitor by the Ozone Secretariat, the latter which cross-check production, consumption, import and export of ODS from all 189 Parties to capture illicit movement (only 6 nations are not Parties). By including countries in the regional activities of their A-5 neighbours (the latter have a more lenient phase out schedule), the project seeks to be proactive, and promote regional cooperation to prevent illicit movement of ODS from A-5 to A-2 countries as apparently occurred during CFC and Methyl Bromide phase out.

COUNTRY OWNERSHIP

c) COUNTRY ELIGIBILITY

Chapter 5 of the GEF Operational Strategy states, *inter alia*, that "...although the GEF is not linked formally to the Montreal Protocol, the GEF operational strategy in ozone depletion is an operational response to the Montreal Protocol, its amendments, and adjustments.

Therefore, the GEF will use the Montreal Protocol specifically to guide its:

- Control measures
- The list of controlled substances contained in the annexes to the Protocol
- The phase out schedules for ozone-depleting substances and the amendments and adjustments that are approved from time to time by the Meeting of the Parties

...To the extent consistent with other GEF policies (such as those for project cycle and incremental cost), GEF operational policies for financing activities in this focal area will also be consistent with those of the Multilateral Fund.

To be eligible, countries must also be Parties to the Montreal Protocol, have ratified the London Amendment, and have fulfilled their obligations to report on the production consumption of ozone-depleting substances and trade according to the requirements of the Protocol. In cases of noncompliance with the obligations of the Montreal Protocol (as adjusted and amended), any funding is subject to the formal processes of the Montreal Protocol for non-compliance being initialed and followed through the Protocol's Secretariat and Implementation Committee. Such processes include notification of causes of noncompliance, assessments of expected delays in the implementation of control measures, and a revised schedule of commitments. GEF assistance will be in line with the "Indicative List of Measures that might be taken by a Meeting of the Parties to the Montreal Protocol in respect of noncompliance with the Protocol" and consistent with related recommendations of the Protocol Parties. “

Kazakhstan, Tajikistan, Uzbekistan and Azerbaijan all meet the eligibility criteria for GEF funding. Further, they have all been directed to seek further GEF assistance by the Parties in the course of the Implementation Committee to the Montreal Protocol, in order that they might achieve long-term ODS phase out.

d) COUNTRY DRIVENNESS

This proposal is a direct response to requests by letter from the countries for UNEP assistance in seeking further GEF assistance to complete their obligations under the Montreal Protocol. These requests followed the confirmation of the GEF at the 16th Meeting of the Parties to the Montreal Protocol that certain countries would be eligible for renewal of their Institutional Strengthening (IS) projects, as was customary for Article 5 countries funded by the Multilateral Fund to the Protocol. Further, countries were directed to make their applications during sessions of the Implementation Committee to the Montreal Protocol in which they were called to account on outstanding issues for implementation of the Protocol in their countries.

Kazakhstan, Tajikistan, Uzbekistan and Azerbaijan have submitted the list of outstanding needs and work to be done in order to achieve long term phase out of ODS. These needs have formed the basis for this proposal.

2. PROGRAM AND POLICY CONFORMITY

a) FIT TO GEF FOCAL AREA STRATEGIC OBJECTIVES AND OPERATIONAL PROGRAM

This project is placed under the Ozone Operational Programme, Strategic Priority: Short Term Measure on Ozone (STRM). Chapter 5 of the GEF Operational Strategy states that “...the GEF's objective in ozone depletion is to contribute to measures that protect human health and the environment against adverse effects resulting, or likely to result from, human activities that modify or are likely to modify the ozone layer. The GEF's assistance in preventing the release of ozone-depleting substances will be in accordance with

countries' commitments to the Montreal Protocol concerning phase-out schedules and control measures. (Further), the overall thrust of the ozone depletion portfolio is to support activities to phase out ozone-depleting substances that are committed under the Montreal Protocol, with special emphasis on short-term commitments and enabling activities. Because of the short deadlines for this phase-out, all measures will be considered under criteria for short-term response resources”.

b) SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

As was outlined earlier, the expected outcome of this project for countries would be the development and enforcement of national policies and mechanisms able to achieve long-term phase out, monitoring and control of ODS consumption in the countries in the face of ever-increasing phase out restrictions of the Montreal Protocol. Specifically, this overall outcome would be achieved through the following outputs:-

- The placement of an enhanced ODS Licensing Mechanism in countries, with increased scope of elements for monitoring, flexibility (to adjust to changes in the Montreal Protocol Schedule) and cooperation between national players
- Enhanced legislative and regulatory support for the ODS Licensing Systems
- Improved coordination and cooperation at the national and regional level on illegal trade of ODS
- Improved coordination and cooperation at the national and regional level on ODS stockpiling and disposal/destruction issues.

The design of this project lends to post-project sustainability of benefits, as it caters to national specific activities, as well as the need for cooperation between countries if ODS phase out and control of ODS trade are to be a long-term reality. Countries have long complained that lack of coordination has hampered their long-term sustainability of country-specific projects.

The country-specific activities have all been developed as a result of an analysis of further needs by the country NOUs. Further, there has been close cooperation with the Ozone Secretariat and Implementation Committee documentation to ensure that what is represented is in line with the countries' obligations under the Montreal Protocol. This is further enhanced by the inclusion of these countries in regional fora during 2004 and 2005, so that there has been a good elaboration and analysis of previous weaknesses in assistance to these countries.

In its 2004 Ozone portfolio evaluation, UNEP DGEF hired two independent consultants and the IS and training projects were independently analysed, with a special focus on sustainability elements. The evaluation report noted that sustaining results is closely tied to the level and nature of the multi-stakeholder engagement, and by consequence, the local sense of ownership of the problem. However, there is also a political element to country ownership that is closely tied to the countries macro-economic agenda. UNEP has therefore tried to first respond to this, and for this reason has looked to include regional elements into this project as a regional commitment to ODS phase out will likely influence, and be influenced by, regional economic priorities. It is possible that in some cases NOU activities can be seen as interfering with the economic development of a country; and the mid-term evaluation country visit indicated that this had indeed been the

case in some countries. As such, the additional support of networking activities to the national NOU will be invaluable.

Further, as was suggested by the mid-term evaluation, UNEP DGEF's Monitoring & Evaluation arm has also enforced that a risk management exercise be done during project design and be repeated periodically throughout project implementation. The DGEF Risk Management Analysis can be used to help identify potential areas of risk for new projects, as drawn out of the Portfolio Evaluation and the recently completed evaluation follow-up. Once a Risk Factor Table is completed, this along with the appropriate reporting forms can be added as part of the half yearly reporting format in countries. The risk scenarios of low, medium and high risk act as a way of highlighting the appropriate level of performance for any given task to be deemed successful. This assessment of risk has also greatly informed UNEP on the additional elements required to support the NOUs and better ensure long-term support. The Risk Table for this project can be viewed at Annex 4C of this proposal.

In earlier projects, NOUs carried out monitoring and reporting on the CEIT non-investment projects as per UNEP requirements and these reports appeared to meet UNEP's needs. However, the mid-term evaluation indicated that the data and quality of the reports can be questioned as there is no obligatory internal data reporting and quality assurance program (from a technical perspective) in place in most countries surveyed. Most reports are likely reviewed more from a political perspective. In response to this, UNEP has reviewed and strengthened the performance indicators for this current project, and intends to see that there is multi-stakeholder engagement in the reporting functions. Reporting quality is also included as one of the risk factors within the Risk table which countries will have to use in the course of their reporting. As such they will be forced to think about the quality of their reporting and the sustainability of the work they are executing.

The evaluation also noted that there is not yet a culture of multi-stakeholder engagement beyond those directly impacted or those with Government or other authority for remediation in the CEITs. As such, UNEP intends to try to encourage the expansion of multi-stakeholder engagement practices to include non-impacted (directly) NGOs, especially ENGOs. Since these countries will not wish to utilize scarce project resources to pay for ENGO or other stakeholder participation, this project responds to the evaluation recommendation that "*consideration should be given to the creation of a generic fund (across all the CEIT non-investment projects) that could be used for this purpose.*" It is the intention that by providing funding for the participation of national stakeholders in the regional networking activities there can be increased input and cooperation from the private sector and other stakeholders, since the NOUs have not been able to achieve to include these important partners in dialogue to date on a significant scale at the national level.

In turn, these additional NGO and private sector partners can greatly assist in addressing the long-term problem of tracking Small and Medium Enterprises (SMEs) and unregistered service technicians, which the evaluators saw as largely being a database problem. Here ENGO and other grass roots NGOs can play an outreach role. The mid-term evaluation recommended "*that the GEF consider financing the creation of such databases where SMEs and unregistered technicians pose a significant concern.*", and

that “...a high emphasis / priority should be placed on the database (problem definition) component of the project early in the project delivery as this has a critical impact on future outcomes.” This project seeks instead to see if there cannot be an exchange of expertise with neighbouring countries to assist NOUs who are grappling with the technician certification issue. It is felt that problem definition can take place within the context of network meetings, and a more cost-effective solution developed.

Financial Sustainability

The mid-term evaluation indicated that in the Central Asian States and Azerbaijan, country problem ownership is closely tied to sustainability of results achieved to date, and that results obtained to date are “at risk’ unless the current projects can only be extended, but also obligations be built into to the future agreements to make it mandatory for recipient governments to integrate the functions (with budget lines) into their ongoing national treasury funded government activities. This would ensure that there is no dismantling of the NOU or the NOU function once outside funding ends. This did occur in Azerbaijan, and it is crucial that this scenario be avoided in the future. However, apart from gaining commitment and a promise of goodwill from countries, UNEP has not discerned a way to legally mandate that countries integrate the NOU into the national treasury lines. This remains a point of concern for the GEF and its IAs. However, between the training/capacity-building elements proposed in this proposal, along with the inclusion of elements for networking to build long-lasting ties between countries, it is the aim of the project that the sub-region as a whole forms the necessary ties to find a cost-effective way to continue work relying on national and sub-regional expertise for long-term control of ODS.

Further, the modalities of incorporating NOU function into wider government activity can be pursued within the networking fora, so that countries can share their experiences and give each other tips on how to achieve this long term function within the government structures in the long term. In previous projects there was no real effort made to ensure that the NOU function is incorporated into the fabric of government in the long-term and this project seeks to find a way to open discourse on the modalities of achieving this and so ensuring financial sustainability. Now, OzonAction is looking to form linkages with the OECD REPIN, which ultimately seeks to strike a balance between inter-governmental policy dialogue based on solid analysis and supporting the achievement of practical results “on the ground”. While resources are modest in relation to the scale of the challenge, this Network has carried out in-country demonstration projects as a means of driving regional dialogue and cooperation, as well as close cooperation with donor programmes active in the region to leverage resources and expertise. To date, demonstration projects have been used both to develop and to verify the applicability of tools for achieving environmental objectives in ECA countries, and for integrating environment into the broader processes of economic and democratic reform. Projects have also been aligned with broader international goals. Work on policy reform has included using guidelines for the reform of environmental permitting in ECA countries to review existing procedures in Ukraine and Kyrgyzstan with a view to their eventual reform. The legal framework in Kazakhstan has been revised in light of Task Force guidance to accommodate self monitoring by enterprises. In addition, representatives from Armenia, Kazakhstan and Ukraine are working to implement Task Force “good practices” for financing environmental inspectorates. In the area of Institutional Strengthening, a demonstration project to implement a Performance Rating and Information Disclosure scheme is being

implemented in Lviv, Ukraine, with the expectation that greater transparency will create incentives for enterprises to reduce pollution. Georgia, Kyrgyzstan and Kazakhstan intend to reform their environmental enforcement institutions in light of recent reviews conducted within REPIN framework. As such, working with REPIN may help to solve the greatest problem of ODS long-term phase out after the end of GEF and MLF support for countries in the region. This is something not previously tackled by either fund, but this project seeks to initiate some move towards this objective.

c) REPLICABILITY

Experiences gained from this project have potential for replicability in the target countries as well as other countries across the globe. This is particularly true for Article 5 countries in the European and Central Asian region, which neighbour the Article 2 countries involved in this project, and by categorization as A5 under the Protocol, are farther behind in the ODS phase out schedule. This network is very active and coordinated by UNEP, and could therefore be utilized as a mechanism for replicability for the project. This project is also scalable in the countries through appropriate project interventions.

The potential for replication arises through collaboration with the Regional Network for Europe and Central Asia (ECA). The Networks provide regular, interactive fora for officers in National Ozone Units (NOUs) to exchange experiences, develop skills, and share knowledge and ideas with counterparts from both developing and developed countries. The ECA Network is comprised of 13 Eastern European countries operating under Article 5 of the Montreal Protocol, namely Albania, Armenia, Bosnia and Herzegovina, Cyprus, Georgia, Kyrgyzstan, Former Yugoslav Republic of Macedonia, Moldova, Romania, Serbia and Montenegro, Turkmenistan (member as of 2005) and Turkey. Austria, the Czech Republic, Croatia, Hungary, Slovak Republic and Sweden have been involved in the network as observers and/or bilateral donors. The Network is open to the participation of any country of the Pan-European region, as long as it is deemed necessary by the Network members, and is directly relevant to the work of the network.

Exchange of regional expertise would be made easier by the proximity of countries, and in some cases, the cultural similarities between countries. Regional exchange would enhance aspects of replicability, and sustainability, and ultimately lower the costs of project implementation and execution, since there would be a decreased reliance on far-flung international experts.

Finally, there is the aspect of replicability of strategies and mechanisms to other MEAs. Already there is the collaboration between MEAs through Green Customs activities, and there is evolving cross-pollination arising over issues of chemicals destruction. As such, the results gained through this project might positive influence chemicals management issues in other MEAs.

d) STAKEHOLDER INVOLVEMENT

As aforementioned, this project was developed through consultation with the NOUs and their partners to determine outstanding needs and previous gaps in earlier project design. In addition, the 2004 Mid-Term Evaluation of the UNEP Ozone Portfolio saw two

independent consultants visit the countries and stakeholders to evaluate future needs, which also informed this project design.

The project itself also will attempt to enhance stakeholder involvement over previous levels by independently seeking support for NOUs and other stakeholders at fora within which there can be exchanges of advice (ie. Network meetings and Green Customs training sessions). This project proposes to link national stakeholders in the Customs and chemicals management arena to other countries and such international bodies as the WCO's Regional Intelligence Liaison Offices (RILOs), the Regional Environmental Centre for Central Europe and Europe (REC), networks of EU accession countries and OECD bodies in the region.

e) MONITORING AND EVALUATION

A detailed M&E plan is given at Annex 4 of this document

The monitoring and evaluation (M&E) plan for the project shall include plans at:

- National level for IS activities (through the NOU and National Steering Committees), and
- International level, through Project Steering Committee

The parameters (output) that will be evaluated are:

Training related

- Training exercises in which the country authorities are involved
- Evaluation of training exercises by the participants
- Depending upon the funds available, survey activities near to project close to evaluate if any Green Customs elements have been incorporated into the IS national activities and Customs programmes.

Regulations related

- Status of development and implementation of adjustments of regulations for ODS import/export and labeling requirements for ODS and ODS containing-equipment
- Status of development and implementation of certification of ODS users (particularly refrigeration technicians)
- Timeliness of data collection, processing and analysis on ODS consumption/recovery/recycling, as required under Article 7 of the Montreal Protocol
- Where it occurs, data on stockpiled and destroyed ODS

Financial and Progress reporting

- Timely submission of project progress reports (including risk analysis)
- Timely submission of budget versus actual expenditure statement for project activities.
- Timely submission of financial audit statement for the project.
- Quality of aforementioned reporting

The following table presents the reporting requirements under the project.

Level	Reports	From	To	Frequency per year
Country level	Annual in-country work plan (with UNEP)	NOU	UNEP	1
	Half-yearly project implementation progress reports (including risk analysis)	NOU	UNEP	2
	Quarterly expenditure report and cash advance statement	NOU	UNEP	4
	Project mission reports for specific activities/missions (workshops, reviews etc.)	NOU	UNEP	As and when, also included in half-yearly progress report that follows the activity
	Annual financial audit report	NOU	UNEP	1
Project level	Annual overall work plan (worked with country and International Project Steering Committee)	UNEP DTIE	UNEP DGEF	1
	Annual Project Implementation Review (PIR) (as deemed necessary by UNEP DGEF M&E Unit)	UNEP DTIE/DGEF Task Manager	UNEP DGEF	1
	Self Evaluation Reports (SERs)	UNEP DTIE/DGEF Task Manager	UNEP DGEF	1
	Workshop and other review mission report	UNEP DTIE	UNEP DGEF	As arise
International Level	Annual Meeting Report with recommendations for work. (This can be supplemented with recommendations from ECA Network meetings and various Green Customs	Steering Committee	UNEP DGEF and countries.	3 (1 per year of project) (or as needed)

	meetings/workshops).			in case of crisis)
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Based on the above reports, information will be provided to GEF for their purposes. These will include technical and financial reports. As a part of the project set up, the mechanisms of reporting among the local and regional level institutions will be suitably aligned to suit the requirements of GEF.

For monitoring implementation of the IS components, standard reporting by the NOUs associated with the project execution will be required. However the quality of reporting and the impact of activities will be assessed not only by analysis of written reports by UNEP, but also through the use of Risk Tables (see Annex 4C) completed by the NOUs to permit their critical analysis of the situation on the ground, and the value of project assistance to country needs. A similar approach will be used by UNEP as the Implementing Agency.

Independent midterm reviews, will be conducted on an annual basis to identify project performance improvement opportunities. The investigations and reports of the independent evaluators will act as a verification tool of the overall M&E process, triangulating their results with those from countries and the UNEP Task Manager. For formal project evaluations, the UNEP Task Manager shall be in charge of contracting an independent consultant to carry out the exercise. The Task Manager will also be in charge of Project Implementation Review report preparation from the project, and ensuring delivery of half-yearly progress reports from the UNEP project coordinator, and any other methods of progress updates as deemed necessary by UNEP DGEF.

Note that operational monitoring of projects is done at the country level, with oversight by the Task Manager as a standard part of duties within the IA (ie. at no additional cost to the project). The umbrella budget at Annex 1 reflects the M&E budget line made up of allocations drawn from the country 2200 lines. Also, as a cost cutting measure, meetings of the International Steering Committee can take place in the margins of the ECA Network meetings, when countries are aggregated, so there is no additional cost to the project.

3. **FINANCING** (for all tables, expand or narrow table lines as necessary)

a) **PROJECT COSTS: NOTE THAT THE UMBRELLA PROJECT MANAGEMENT WILL BE DONE BY THE FEE-BASED DGEF TASK MANAGER. THE LOCAL PROJECT SUPPORT OF THE NOU WILL BE PROVIDED THROUGH THE COUNTRY-SPECIFIC ALLOCATIONS IN THE BUDGET AT ANNEX 1, WHICH WILL BE FURTHER ELABORATED INTO BUDGETS WITH THE COUNTRIES DURING SUB-PROJECT PREPARATION. THE BUDGET MODEL OF PAST, INDIVIDUAL INSTITUTIONAL STRENGTHENING PROJECTS OF THE GEF WILL BE USED.**

Project Components/Outcomes	Co-financing (\$)	GEF (\$)	Total (\$)
1. IS sub-project country allocations	107,590	685,000	792,590
2. Country Training (includes, attendance at associated meetings to promote regional cooperation; latter initiatives already funded by MLF and bi-lateral donors)	300,450	45,000	345,450
3. Reporting Costs & Miscellaneous (inclusive of copier and projector rentals, publishing of reports)	0	20,000	20,000

4. Mid- and Terminal Evaluations		20,000	20,000
5. Project support inclusive of consultant for Russian translation of Green Customs Training Manual; resource person; travel of such personnel)	0	65,000	65,000
Total project costs	408,040	835,000	1,243,040

* This item is an aggregate cost of project management; breakdown of this aggregate amount should be presented in the table b) below.

b) PROJECT MANAGEMENT BUDGET/COST²

Component	Estimated staffweeks	GEF(\$)	Other sources (\$)	Project total (\$)
Locally recruited personnel*				
Internationally recruited consultants*				
Office facilities, equipment, vehicles and communications				
Travel				
Miscellaneous				
Total				

* Local and international consultants in this table are those who are hired for functions related to the management of project. For those consultants who are hired to do a special task, they would be referred to as consultants providing technical assistance. For these consultants, please provide details of their services in c) below:

c) CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

There is room for the hiring of at least two categories of short-term consultants: (i) one for Russian translation of the Green Customs manual (English-version being completed during the first quarter of 2007, using bilateral funds of OzonAction's Green Customs initiative), with subsequent adjustments as needed by partners and new developments in the Protocol; (ii) the second would be short-term resource persons, as needed, to address specific shared problems for the A-2 countries at regional fora. There is also a possibility for the translation of the ODS Licensing Mechanism and Customs Manual, currently being revised by OzonAction MLF-funded CAP, though this is just starting. At the moment it is envisioned that a specialist familiar in the import/export legislation and Customs practices of these countries will be required, since already, the first round of IS assistance has highlighted similarities in the difficulties associated with the progressive strengthening of ODS Licensing systems to cope with the advancing Article 2 ODS phase out schedule. The step-wise phase out of HCFC is already posing a challenge for some of the countries included. As post-Soviet countries, these countries share similar hurdles in getting new legislation and/or regulations drafted, adopted and functioning.

² For all consultants hired to manage project or provide technical assistance, please attach a description in terms of their staff weeks, roles and functions in the project, and their position titles in the organization, such as project officer, supervisor, assistants or secretaries.

Component	Estimated staffweeks	GEF(\$)	Other sources (\$)	Project total (\$)
Resource persons for regional meetings	12 (covering travel and DSA to the 4 annual meetings (on average) across 3 years of project)	20,000		20,000
Local consultants: Russian translation	6	7,000		7,000
International consultant(s): amendments to Customs manual	4	8,000		8,000
Total	22	35,000		35,000

d) **CO-FINANCING SOURCES³** (expand the table line items as necessary)

Co-financing Sources ⁴				
Name of co-financier (source)	Classification	Type	Amount (\$)	Status*
UNEP OzonAction CAP (ECA Network Funding of MLF)	Imp. Agency	in cash	300,000	In-hand ⁵
Azerbaijan	Nat'l Gov't	in kind	31,050	See letter of endorsement/co-finance
Uzbekistan	Nat'l Gov't	65% in cash; 35% in kind	30,000	See letter of endorsement/co-finance
Kazakhstan	Nat'l Gov't	in kind	30,000	See letter of endorsement/co-finance
Tajikistan	Nat'l Gov't	in cash	16,990	See letter of endorsement/cofinance
	(select)	(select)		
	(select)	(select)		
Sub-total co-financing			408,040	

* Reflect the status of discussion with co-financiers. If there are any letters with expressions of interest or commitment, please attach them.

4. INSTITUTIONAL COORDINATION AND SUPPORT

a) CORE COMMITMENTS AND LINKAGES

UNEP DTIE's OzonAction Programme has worked alongside the ozone offices of the countries in the region, acting as the primary Implementing Agency for non-investment activities in the ozone arena. UNEP and the GEF have already provided specific Institutional Strengthening, Refrigeration and Customs training assistance, and ODS legislation assistance to more than 20 countries in the Eastern European and Central Asian region. Among other activities, UNEP OzonAction organises the Regional Network of Eastern Europe and Central Asia (ECA) which provides a regular, interactive forum for

³ [Refer to the paper on Cofinancing, GEF/C.206/Rev. 1](#)

⁴ Note that there is also associated financing from the Green Customs Initiative which totals US\$ 728,181.

⁵ Portion of the current total ECA Network budget of US\$ 1.1 million allocated to meetings involving the A-2 countries (1 Main meeting, 1 thematic meeting and 2 contact groups annually on average).

officers in National Ozone Units (NOUs) to exchange experiences, develop skills, and share knowledge and ideas with counterparts from both developing and developed countries. ECA will also act as the replication mechanism for the project.

Further, on November 14, 2005, the Executive Director of UNEP signed a Programme of Cooperation with the Russian Minister of Natural Resources on behalf of the Russian Government, which states that UNEP and the Russian Government, represented by the Ministry of Natural Resources, will devote priority attention to a 2005-2007 agenda of UNEP-Russian cooperation, para. 3 of which reads *inter alia*:-

- “(c) Participation and engagement of industry and government experts and institutions in developing arrangements on preventing illegal trade in Ozone Depleting Substances (ODS) and other controlled chemicals in UNEP’s on-going projects under GEF and the Multilateral Fund of the Montreal Protocol on Substances that Deplete the Ozone Layer.
- (d) Promoting and leveraging Russian expertise for the phase-out of ODS in countries with economies in transition through technology transfer, information and expertise exchange, training and upgrading programmes for experts involved in ODS phase-out.”

As such UNEP is well placed to continue to assist the Eastern Europe and Central Asia region on ODS phase out.

UNEP/GEF Projects that directly influence this proposed project include:-

- Promoting Compliance with Trade and Licensing Provisions of the MP in CEITs: an early regional precursor project that acted as a basis for the development of ODS legislation in CEITs.
- The CEIT Montreal Protocol Institutional Strengthening Projects, which support the establishment of National Ozone Units, development of Ozone Depleting Substance (ODS) Legislation, and coordinate national training
- The CEIT Refrigeration projects that equip national training centres and provide training of national trainers to promote recovery and recycling of ODS, and retrofitting to non ODS technologies in the RAC sector
- The CEIT Customs Training projects, which provide Customs ODS identifier equipment and training of national trainers to detect ODS at borders, and to develop and implement ODS Licensing Mechanisms

b) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND ExAs, IF APPROPRIATE.

The cooperation and coordination at the regional and national levels has already been described within the project design and Monitoring and Evaluation section of this proposal.

c) PROJECT IMPLEMENTATION ARRANGEMENT

The Project will be implemented through the direct activity of a fee-based Task Manager and Fund Management Officer of UNEP DGEF. Sub-projects for the countries will be developed out of the umbrella project and all financial and progress reporting will be carried out by the NOUs to the Task and Fund Managers, who will in turn carry out overall half-yearly reporting, processing of cash advances and reconciliation of expenditure reporting, PIRs and the like for the umbrella project. In terms of execution, there will be assistance from the relevant MLF-funded activity leaders of the OzonAction ECA and Green Customs programmes where joint activities are required. National activities will be executed by the NOUs. The Task Manager will also be responsible for working with the Evaluation and Oversight team of UNEP and the Portfolio Management Team of UNEP DGEF, to coordinate project evaluations and monitoring.

5. REQUIRED ATTACHMENTS

- a) Report on the Use of Project Preparation Grant (if used)
- b) Country Endorsement Letter (RAF endorsement letter if BD or CC project)
- c) Confirmed letters of commitments from co-financiers (with English translations)
- d) Agency Notification on Major Amendment and provide details of the amendment, if applicable.

RESPONSE TO PROJECT REVIEWS *(NOT APPLICABLE)*

- a) Convention Secretariat comments and IA/ExA response
- b) STAP expert review and IA/ExA response (if requested)
- c) GEF Secretariat and other Agencies' comments and IA/ExA response

ANNEX 1: BUDGET IN UNEP FORMAT

UNEP NON-INVESTMENT COMPONENT				GEF FINANCING				CO-FINANCING (cash)				CO-FINANCING (in-kind)				Project total US\$
				2007 US\$	2008 US\$	2009 US\$	Total US\$	2007 US\$	2008 US\$	2009 US\$	Total US\$	2007 US\$	2008 US\$	2009 US\$	Total US\$	
1	0 PROJECT															
	1200	Consultants														
		1201	Russian Translation of Green Customs Manual	5,000	5,000	5,000	15,000	0	0	0	0	0	0	0	15,000	
		1202	Resource persons for Regional Meetings	4,000	8,000	8,000	20,000	0	0	0	0	0	0	0	20,000	
		1299	Sub-Total	9,000	13,000	13,000	35,000	0	0	0	0	0	0	0	35,000	
	1600	Travel on Official Business														
		1601	Staff travel to meetings and workshops	10,000	10,000	10,000	30,000	0	0	0	0	0	0	0	30,000	
		1699	Sub-Total	10,000	10,000	10,000	30,000	0	0	0	0	0	0	0	30,000	
	1999	Component Total		19,000	23,000	23,000	65,000	0	0	0	0	0	0	0	65,000	
20	SUB-CONTRACT COMPONENT															
	2200	Sub-Contracts with supporting organisations (IS support for Government bodies through sub-project)														
		2201	Kazakhstan (1)	195,000	0	0	195,000	0	0	0	0	5,000	12,500	12,500	30,000	225,000
		2202	Tajikistan (2)	170,000	0	0	170,000		8,495	8,495	16,990	0	0	0	0	186,990
		2203	Uzbekistan (3)	170,000	0	0	170,000	3,250	8,125	8,125	19,500	1,750	4,375	4,375	10,500	200,000

UNEP NON-INVESTMENT COMPONENT				GEF FINANCING				CO-FINANCING (cash)				CO-FINANCING (in-kind)				Project total US\$
				2007 US\$	2008 US\$	2009 US\$	Total US\$	2007 US\$	2008 US\$	2009 US\$	Total US\$	2007 US\$	2008 US\$	2009 US\$	Total US\$	
		2204	Azerbaijan (4)	150,000	0	0	150,000	0	0	0	0	10,200	10,200	10,200	30,600	180,600
		2299	Sub-Total	685,000	0	0	685,000	3,250	16,620	16,620	36,490	16,950	27,075	27,075	71,100	792,590
	2300	Sub-contracts with commercial organisations (post-harvest training providers)														
		2301	Training Equipment (5)	0	0	0	0	0	0	0	0	150	150	150	450	450
		2399	Sub-Total	0	0	0	0	0	0	0	0	150	150	150	450	450
	2999	Component Total		685,000	0	0	685,000	3,250	16,620	16,620	36,490	17,100	27,225	27,225	71,550	793,040
30	TRAINING COMPONENT															
	3200	Group-Training														
		3201	Green Customs Training (6)	0	0	0	0	0	0	0	0	0	0	0	0	0
		3299	Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
	3300	Meetings/Conferences														
		3301	Regional Network Meetings (7)	15,000	15,000	15,000	45,000	100,000	100,000	100,000	300,000	0	0	0	0	345,000
		3399	Sub-Total	15,000	15,000	15,000	45,000	100,000	100,000	100,000	300,000	0	0	0	0	345,000
	3999	Component Total		15,000	15,000	15,000	45,000	100,000	100,000	100,000	300,000	0	0	0	0	345,000
50	MISCELLANEOUS COMPONENT (8)															
	5100	Operation and Maintenance of Equipment														
		5101	Rental of computer, LCD equipment for meetings		1,000	1,000	2,000	0	0	0	0	0	0	0	0	2,000

UNEP NON-INVESTMENT COMPONENT				GEF FINANCING				CO-FINANCING (cash)				CO-FINANCING (in-kind)				Project total US\$
				2007 US\$	2008 US\$	2009 US\$	Total US\$	2007 US\$	2008 US\$	2009 US\$	Total US\$	2007 US\$	2008 US\$	2009 US\$	Total US\$	
		5102	Rental of copiers for meetings		1,000	1,000	2,000	0	0	0	0	0	0	0	2,000	
		5199	Sub-total		2,000	2,000	4,000	0	0	0	0	0	0	0	4,000	
	5200	Reporting Costs														
		5201	Production of additional training/awareness materials		5,000	5,000	10,000	0	0	0	0	0	0	0	10,000	
		5299	Sub-total		5,000	5,000	10,000	0	0	0	0	0	0	0	10,000	
	5300	Sundry														
		5301	Miscellaneous	2,000	2,000	2,000	6,000	0	0	0	0	0	0	0	6,000	
		5399	Sub-total	2,000	2,000	2,000	6,000	0	0	0	0	0	0	0	6,000	
	5500	Evaluation (consultants fees/travel/DSA/Admin support)														
		5501	Mid-Term & Final Evaluation		10,000	10,000	20,000									
		5599		0	10,000	10,000	20,000									
	5999	Component Total		2,000	19,000	19,000	40,000	0	0	0	0	0	0	0	20,000	
99	TOTAL UNEP NON-INVESTMENT			721,000	57,000	57,000	835,000	103,250	116,620	116,620	336,490	17,100	27,225	27,225	71,550	1,243,040

Notes: (1) Kazakhstan has provided US\$ 30,000 in-kind contribution through use of already established premises, office support etc. (2) Tajikistan has indicated by detailed budget that it will pay in-cash US\$ 16,989 for rental or premises, utilities, local transportation, guarding and upkeep of premises. (3) Uzbekistan has indicated it will provide US\$ 30,000 co-finance in total, in-cash (65%) and in-kind (35%). (4) (5) Azerbaijan has indicated it has no cash available, but can provide US\$ 31,050 in-kind, including a plan to re-start training under its renewed IS using equipment already in hand. (6) Taken care of by associated funding of the Green Customs Initiative (US\$ 728,181). (7) UNEP OzonAction portion of total US\$ 1.1 million budget for ECA activities that are organized annually with the Article 2 countries included (1 Regional Meeting, 1 Thematic meeting, and 2 Contact group meetings). (8) See M&E section which explains that operational monitoring will take place at the country level, and the M&E budget has been pulled out of the county allocations. Oversight is a part of the duties of the UNEP Task Manager at no additional cost to the project.

ANNEX 2: PROJECT STRATEGY AND TIMELINES

ANNEX 2A: PROJECT LOGFRAME ⁶

Objectives	Indicators	Means of Verification (stating document sources, persons and timeframe when indicator will have been reached)	Assumptions
Goal: Preservation of the Stratospheric Ozone Layer			
Immediate Objective/Project Purpose: Institutional Strengthening and Capacity building for Customs Officials and NOUs	Completion of the process of development and enforcement of national policies and mechanisms able to achieve long-term phase out, monitoring and control of ODS consumption in the countries, in the face of ever-increasing phase out restrictions of the Montreal Protocol.	Official compliance data to be reported to the Ozone Secretariat by NOU. Reports of the Montreal Protocol Secretariat and Implementation Committee.	
Project Outputs:			
Output 1: Enhanced ODS Licensing Mechanisms in place, with increased scope of elements for monitoring, flexibility (to adjust to changes in the Montreal Protocol Schedule) and cooperation between national players	Compliance of countries with the Montreal Protocol requirements and an enhanced ability to meet the long-term commitments under the Protocol.	Official communication and progress reporting from the NOU/Ministry of Nature Protection. Reports of the Implementation Committee to the Montreal Protocol and Secretariat.	Countries are committed to their obligations under the Montreal Protocol and its Amendments.
Output 2: Enhanced legislative and	2.1 Developed national ODS	Official communication	The NOU and government

⁶ Separate detailed timelines will be developed in the context of the country-specific sub-project documents and workplanning at the national level.

regulatory support for the ODS Licensing Systems	<p>phase-out schedule which includes sector-specific restrictions;</p> <p>2.2. Enhanced ODS licensing legislation for ODS import/export control, fully established and operational quota system for import;</p> <p>2.3 Established requirements for labeling of ODS and ODS using equipment and products;</p> <p>2.4 Elaborated system of ODS emission regulation, including charges</p> <p>2.5 Fully operational system for certification of ODS consumers (particularly refrigeration technicians).</p>	from the NOU and the Ministry of Nature Protection. Reports of the Implementation Committee to the Montreal Protocol and Secretariat.	partners will collaborate effectively and carry out their tasks as planned. Policy and technical support will be provided to the NOU within the Government.
Output 3: Improved coordination and cooperation at the national and regional level on illegal trade of ODS	Reduction in the incidences of illegal trade with neighbouring countries.	Official communication from the NOU to the Ozone Secretariat and UNEP. Reports of the ECA Network and Green Customs group meetings.	
Output 4: Improved coordination and cooperation at the national and regional level on ODS stockpiling and disposal/destruction issues.	Established coordination mechanism for identification of stockpiles, disposal facilities and disposal operations in the region.	Reports to UNEP (incl. Ozone Secretariat). Documentation in ECA Network and Green Customs Initiative.	
Project Activities:			
Activity 1: (see detailed National sub-activities at end of this table. Those	Continued/re-establishment of NOU, and development of	Reports to UNEP, submissions of workplans to	Countries fully committed to their obligations under the

<p>listed below are deemed most relevant for this Output 1)</p> <ul style="list-style-type: none"> a) Continuation of the Ozone Office b) Legislative Measures for Phase Out of ODS c) Public Awareness Programmes (as necessary) d) Data and Information on ODS Use and Consumption e) Overall Coordination and Monitoring of National Phase Out Plan f) Reporting 	<p>national workplans incorporating all relevant activities to support all project outputs. Fully operational ODS import/export mechanism (including quota system, certification systems) and data collection system. Timely Article 7 data reporting under the Montreal Protocol.</p>	<p>UNEP DGEF Task Manager. Reports of the Implementation Committee to the Montreal Protocol.</p>	<p>Montreal Protocol and its Amendments.</p>
<p>Activity 2: (see detailed National sub-activities at end of this table. Those listed below are deemed most relevant for this Output 2)</p> <ul style="list-style-type: none"> (a) Development of Legislative and regulatory Measures for Phase Out and control of ODS 	<p>Fully operational ODS import/export mechanism (including quota system, certification systems) and data collection system, with a clear elucidation of the mandates of various government bodies of stakeholders within the Mechanism.</p>	<p>Reports to UNEP. Reports of the Implementation Committee to the Montreal Protocol.</p>	
<p>Activity 3: (see detailed regional sub-activities at end of this table. Those listed below are deemed most relevant for this Output 3)</p> <ul style="list-style-type: none"> (i) Follow-up of Green Customs Workshop for CEITs (February 2006). Objective: to create an e-forum to further promote enhanced methods of customs controls of chemicals and biota monitored by global MEAs for countries 	<p>Enhancement of activities of the Customs section through incorporation of Green Customs recommendations into general ODS Licensing Mechanisms. Development of a strategy and/or workplan on illegal trade for the Eastern European and Central Asia region.</p>	<p>Official communication from the NOU to the Ozone Secretariat and UNEP DTIE on their ODS Licensing Mechanisms. Green Customs Initiative reports.</p>	

<p>and create an overall related strategy/workplan for the Eastern European and Central Asian region</p> <p>(ii) Translation of Green Customs Manual and other relevant materials to Russian</p> <p>(iii) Continued inclusion of countries into global Green Customs activities (see list of regional activities at end of this table).</p> <p>(iv) Use of ECA Network fora where illegal trade issues can be discussed (to be potentially identified)</p>			
<p>Activity 4: (see detailed regional sub-activities at end of this table. Those listed below are deemed most relevant for this Output 4)</p>	<p>Development of a potential strategy (national and/or regional) for dealing with stockpiling and disposal/destruction issues.</p>	<p>ECA Meeting Reports.</p>	<p>ECA Meetings can be carried out according to plan.</p>
<p><u>Further description of activities</u></p> <p><u>Country Level</u></p> <p>Activity 1: Continuation of the Ozone Office</p> <p>Sub-activity (i): Establishment of a new work plan elaborating any additional roles of the ozone office in the face of new requirements of the Montreal Protocol</p> <ul style="list-style-type: none"> (h) Administer, coordinate and supervise implementation of the Institutional Strengthening Project and any additional activities that support the implementation of the Montreal Protocol, and report on their progress; (i) Coordinate the relevant inter-ministerial and inter-sectoral activities (j) Initiate and coordinate the preparation of relevant legislative acts; (k) Continue to raise awareness on Ozone issues and the available technical solutions, legal controls etc. 			

- (l) Collect, analyse and distribute information on alternatives substances, technologies,
 - (m) Provide guidance to stakeholders on handling of ODS
 - (n) Follow-Up and evaluate the compliance of the phase out schedule
- Sub-activity (ii): Recruitment where necessary of staff and expertise, procurement of equipment.
- Sub-activity (iii): Development of modalities to incorporate NOU functions into the government institutional framework for the long-term.

Activity 2: Legislative Measures for Phase Out of ODS

- Sub-activity (i): Relevant review, improvements and adjustments of national phase out schedules and sector-specific restrictions
- Sub-activity (ii): Relevant review, improvements and adjustment of regulations on ODS import/export restrictions, quota system and the overall licensing system
- Sub-activity (iii): Relevant review, improvements and adjustments of labeling requirements for ODS and ODS containing-equipment
- Sub-activity (iv): Further elaboration of an ODS emission regulations
- Sub-activity (v): Establishment of a system/ completion of certification of refrigeration technicians and other users of ODS

Activity 3: Public Awareness Programmes

- Sub-activity (i): Prepare campaigns in the print and electronic media as necessary on ozone issues, particularly to highlight any enhanced controls on ODS use

Activity 4: Data and Information Collection on ODS Use and Consumption

- Sub-activity (i): Data collection, processing and analysis on ODS consumption
- Sub-activity (ii): Data collection, processing and analysis on recovered and recycled CFCs and HCFCs
- Sub-activity (iii): Where it occurs, data collection on stockpiled and destroyed ODS

Activity 5: Overall Coordination and Monitoring of National Phase Out Plan

- Sub-activity (i): Identify, formulate and monitor any further projects required to achieve final ODS phase out, whether at the national or regional level
- Sub-activity (ii): Cooperation in the field with Customs in the control of ODS import/export
- Sub-activity (iii): Collection, distribution and systemization of information on alternative ODS and ODS destruction technologies

Activity 6: Reporting

Sub-activity (i): Submission of annual report on ODS consumption to Ozone Secretariat

Sub-activity (ii): Submission of progress and expenditure reports on the implementation of the IS projects, and any other ODS projects being carried out in the country.

Regional Level

Coordination on long-term sustaining of NOU function, Illegal Trade, ODS Destruction and other Transboundary issues

UNEP, retaining both the Network for Eastern Europe and Central Asia (ECA) and the Green Customs Programme, shall be responsible for incorporating these countries into the regional activities to promote coordination on illegal trade, ODS stockpiling/destruction and any other regional or transboundary issues. It should be noted that Networks also permit cooperation and exchange of lessons-learned on national activities such as incorporation of NOU function into the institutional infrastructure, certification systems, legislation etc., as well as to incorporate issues related to the work of other implementing agencies in the region. This ensures that there is across-the-board uniformity in the regional approach to ODS control.

Green Customs Sub-Activities:-

- Green Customs Workshop for CEITs: February 2006. Objective: to present enhanced methods of customs controls of chemicals and biota monitored by global MEAs for countries in the Eastern European and Central Asian region
- Translation of Green Customs Manual and other relevant materials to Russian
- Continued inclusion of countries into global Green Customs activities such as:
 - ✓ One additional workshop in Uzbekistan for Central Asia (held in February 2006)
 - ✓ A new round of activities to be agreed with all Partners for 2007-8 (meeting to be held February end, 2007).
 - ✓ A **Training Guide** for Green Customs Initiative (GCI) drafted with contribution of all Partners, and to be completed in the first half of 2007.
 - ✓ Case studies on the linkages between environmental crime and organized crime being developed in coordination with Interpol
 - ✓ Continued cooperation with organizations such the Organisation for the Prohibition of Chemical Weapons
 - ✓ Various awareness materials completed or in preparation. Some examples of completed material: Brochure on Illegal Trade, New web site at www.greencustoms.org, Email alerts.
 - ✓ Possibility of **thematic** Green Customs Workshops (Themes considered include: Implementation of MEAs in Free Trade Zones; Prior Informed Consent Procedures; or Linkages between environmental and organized crime).

ECA Sub-Activities:-

- Work with donors, unep et. al., to develop a strategy for a sub-regional destruction facility, seeking synergies between ODS activities and approved POPs projects and activities. Attendant to this is the participation in a thematic workshop on ODS/POPs destruction in Spring of 2006.
- Follow-up on the replication of the SEAP Customs Cooperation project in the central Asian sub-region.
- Continued work to create A-5/A-2 Customs networks to combat illegal trade of ODS and other contraband controlled by other MEA processes (PIC, Basel, POPs, CITES etc.)

ANNEX 2B: PROJECT IMPLEMENTATION PLAN: TIMELINES

Particulars	2007		2008				2009				2010
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Set up of IS sub-projects											
Project implementation modalities finalization (sub-project creation and signature). Transfer of initial monies to countries											
Green Customs Activities											
Green Customs activities (Training guide, awareness materials, Thematic workshops, Case studies on interlinkage between environmental and organized crime, other activities agreed on by partners annually).											
Networking activities											
Planned so that there is 1 main meeting, 1 thematic meeting, and at least 2 contact group meetings a year.											
Monitoring and evaluation of implementation											
Country Level											
Preparation of National Workplans											
Progress Reporting (June and December)											
Quarterly Expenditure Reporting and Cash Advances											
Audit (end-of-year/project)											
UNEP											
Preparation of Overall Workplan for Joint Activities											
PIR/Terminal Reporting											
Self Evaluation Reporting											
Steering Committee											
Annual Committee Meeting (arranged with ECA meetings to save cost) (likely 2 nd half of 3 rd qr).											
Annual Report on what achieved, and what will be accomplished in the subsequent year.											

NOTE THAT FIRST QUARTER OF 2010 WILL BE DEDICATED TO PROJECT CLOSURE AND REPORTING. IT IS ENVISIONED THAT ACTIVITIES SHOULD HAVE MORE OR LESS BEEN COMPLETED.

ANNEX 3: Regional Network of ODS Officers for Europe and Central Asia (ECA)

The ECA Regional Network is one of the eight regional/sub-regional networks of ODS Offices financially supported by the Multilateral Fund for the Implementation of the Montreal Protocol and bilateral donors, and is serviced by UNEP Compliance Assistance Programme (CAP). The Networks provide regular, interactive fora for officers in National Ozone Units (NOUs) to exchange experiences, develop skills, and share knowledge and ideas with counterparts from both developing and developed countries.

The ECA Network is comprised of 12 Eastern European countries operating under Article 5 of the Montreal Protocol, namely Albania, Armenia, Bosnia and Herzegovina, Cyprus, Georgia, Kyrgyzstan, Former Yugoslav Republic of Macedonia, Moldova, Romania, Serbia and Montenegro and Turkey. Austria, Czech Republic, Croatia, Hungary, Slovak Republic and Sweden are involved in networking as observers and/or bilateral donors. The Network is open to participation of any country of the Pan-European region.

The objectives of the CEECA Network are:

- to promote and enhance the regional cooperation, both within Article 5 countries members of the Network and with other countries of the Pan-European region;
- to develop regional approaches and initiate joint action to tackle problems of common concern, in particular illegal trade;
- to ensure a direct country-to-country assistance to those members of the Network facing immediate and long-term compliance challenges;
- to exchange, disseminate and publicize good practices, innovative approaches and experiences in the implementation of the Montreal Protocol of member countries both within and outside the Network;
- to facilitate the access of member countries to specific expertise and knowledge available in the region and to help build local expertise in member countries;
- to raise a political profile and increase a high-level awareness of the objectives of the Montreal Protocol;
- to initiate collaboration with relevant regional processes, initiatives and organizations, including “Environment for Europe” Ministerial process;
- to support the EU accession process in those member countries concerned;
- to share success stories and achievements of member countries with the other regions of the world and to learn from experiences of the other networks.

At the 39th Meeting of the executive Committee to the Montreal Protocol (ExCom 39), there was further refining of the main objectives as follows:-

- to achieve sustainable phase-out of ODS through increased country ownership in the Europe and Central Asia region in compliance with the Montreal Protocol;
- to build the capacity of the National Ozone Officers and other key stakeholders (representatives of environmental ministry, customs authority, industry and NGOs) to understand and to access the alternative technologies available and to adopt policies that achieve the objectives of the Montreal Protocol in a sustainable manner coherent with other national and international environmental priorities;
- to promote South-South and North-South co-operation through sharing knowledge and ideas, exchanging experiences and information with counterparts from both developing and developed countries through regular and interactive forums;
- to review progress of implementation of the country programmes and other projects, to provide feedback to the executing agencies on removing bottlenecks and to improve design of the national policies and strategies in order to avoid project implementation delay;
- to initiate joint and regional activities, especially with regards to combating the illegal trade of ODSs in the region and related compliance issues;
- to exchange experiences among the Article 5 countries in the Region on creation and implementation of their national Environmental Legislation and national Phase-out Programmes.

ANNEX 4A: MONITORING, PROGRESS REPORTING, AND EVALUATION PLAN

The objective of monitoring and evaluation is to assist all project participants in assessing project performance and impact, with a view to maximizing both. Monitoring is the continuous or periodic review and surveillance by management of the implementation of an activity to ensure that all required actions are proceeding according to plan. Evaluation is a process for determining systematically and objectively the relevance, efficiency, effectiveness and impact of the activities in light of their objectives. Ongoing evaluation is the analysis, during the implementation phase, of continuing relevance, efficiency and effectiveness and the present and likely future outputs, effects and impact.

The general and specific objectives of the project, and the list of its planned outputs, have provided the basis for this M&E plan.

The project will be evaluated on the basis of execution performance, output delivery, and project impact.

1. **Execution performance.** Monitoring of the project execution will assess whether the management and supervision of project activities is efficient, and seek to improve efficiencies when needed so as to improve overall effectiveness of project implementation. It is a continuous process, which will collect information about the execution of activities programmed in the annual workplans (see Annex 2B), advise on improvements in method and performance, and compare accomplished with programmed tasks. For the IS national components, this activity will be the direct responsibility of the NOUs (preferably working with multi-stakeholder National Steering Committees). The UNEP executed activities (Green Customs, ECA Network) will be monitored and reported on by UNEP DTIE. See Table 1 for the execution performance indicators. The UNEP Task Manager will, in collaboration with the country NOUs, UNEP DTIE and Project Steering Committee, track these indicators.

Table 1: Indicators for Evaluating Whether NOUs and National Steering Committees are Effectively Operational

Indicator	Means of Verification
Half-yearly and annual activity and progress reports are prepared in a timely and satisfactory manner	Arrival of reports to UNEP
Half-yearly disbursement plans and half-year and annual financial reports are prepared in a timely and satisfactory manner.	Arrival of reports to UNEP
Performance targets, outputs, and outcomes are achieved as specified in the national and international annual work plans.	Semi annual and Annual progress reports
Deviations from the annual work plans are explained adequately, or corrected promptly and appropriately.	Workplans, minutes of SC meetings
Disbursements are made on a timely basis, and procurement is achieved according to the procurement plan.	IMIS system at UNEP, and Bank Account statements of NOU

Audit reports and other reviews show sound financial practices.	Audit statements
Project Steering Committee and National Steering Committee is tracking implementation progress and project impact, and providing relevant guidance on annual workplans and fulfilling TOR.	Minutes of the respective Steering Committee meetings
National Steering Committee is providing policy guidance, especially on achievement of project impact.	Minutes of National Steering meetings

2. **Delivered outputs.** Ongoing monitoring will assess the project's success in producing each of the programmed outputs, both in quantity and quality. Internal assessment will be continuously provided by the National Steering Committee, and mid-term and final evaluations of outputs will be carried out by external consultants contracted by UNEP. See Table 2 for a summary of expected outputs by project component, and Annexes 2A and 2B (Project Strategy and Timelines) for a detailed list of project activities and corresponding outputs.

Table 2: Description and timing of expected outputs by project component and objectives

Project Component	Outputs	Activities (see log frame for full detailing of activities and sub-activities)	Start	Finish	Outcome(s) per Component
National activities: IS projects	Enhanced ODS Licensing Mechanisms in place, with increased scope of elements for monitoring, flexibility (to adjust to changes in the Montreal Protocol Schedule) and cooperation between national players, with attendant enhanced legislative and regulatory support for the ODS Licensing Systems	(a) Continuation of the Ozone Office (b) Legislative Measures for Phase Out of ODS (c) Public Awareness Programmes (as necessary) (d) Data and Information on ODS Use and Consumption (e) Overall Coordination and Monitoring of National Phase Out Plan (f) Reporting	July 2007	December 2009	Completion of the process of development and enforcement of national policies and mechanisms able to achieve long-term phase out, monitoring and control of ODS consumption in the countries, in the face of ever-increasing phase out restrictions of the Montreal Protocol.
Regional components: Green Customs	Improved coordination and cooperation at the national and regional level on illegal trade of ODS	(a) Green Customs Workshop for CEITs: Objective: to present enhanced methods of customs controls of chemicals and biota monitored by global MEAs for countries in the Eastern European and Central Asian	July 2007	December 2009 (also depends on how long Green customs will last)	Enhancement of the capacity of the national Customs teams to control the movement of ODS across and within country borders.

Project Component	Outputs	Activities (see log frame for full detailing of activities and sub-activities)	Start	Finish	Outcome(s) per Component
		region (b) Translation of Green Customs Manual and other relevant materials to Russian (c) Continued inclusion of countries into global Green Customs activities (see regional activities section n in logframe) (d) ECA Network fora where illegal trade issues can be discussed (see regional activities section n in logframe)			
Regional component: Networking with other countries in the Eastern European and Central Asian region.	Improved coordination and cooperation at the national and regional level on ODS stockpiling and disposal/ destruction issues.	(e) ECA Network fora where issues on stockpiling, destruction/disposal can be discussed (see regional activities section n in logframe).	(date for next potential ECA forum)	December 2009 (perhaps very early 2010 if there is a network meeting and funds remaining in the project)	Development of potential national and/or regional strategies for handling unwanted ODS. (This is still an emerging issue within the Montreal Protocol).

3. Project impact. Evaluation of the project's success in achieving its outcomes will be monitored continuously throughout the project through semi-annual progress reports, annual summary progress reports, a mid-term review and final evaluation. Past experience in trying to include the use of the log frame format in carrying out reporting at the country level have proved cumbersome and too heavy for the NOUs, who are not generally versed in the theory of the logframe approach, and are already used to the GEF format progress reporting. However, the project logframe will be used within UNEP as a reference for the progress reporting, so that in essence there is a constant checks and balance approach of progress made against outcome and output indicators.

In addition, risk assessment activities will be carried out at the country and international level to determine the composite view of all project partners of the quality, value and impact of activities and reporting under the project. The risk assessment process is detailed in Annex 4C of this project.

Table 3: Monitoring, Reporting and Evaluation Responsibilities

This table summarizes the responsibilities of the project management entities regarding monitoring and reporting.

UNEP	NOU (with input from National Project Steering Committee)	Overall Project Steering Committee
<p>Monitor the agreed M&E plan in accordance with the terms of agreement with GEFSEC. Receive half-yearly progress and annual summary progress reports, quarterly-financial reports* and copies of all substantive reports from national execution partners (NOUs). UNEP DTIE Project coordinator/task manager Ozone shall also submit to UNEP DGEF, half yearly progress reports on the overall project.</p> <p>Task manager to attend and participate fully in meetings of the project International Steering Committee</p> <p>Where necessary, Task Manager to conduct supervision missions to identify implementation problems and suggest remedies to country, and inform the International Steering Committee at the annual meetings.</p> <p>Engage and prepare terms of reference for independent M&E consultants to conduct the mid-term reviews and final evaluations. Prepare PIR reports for submission to DGEF.</p>	<p>Establish reporting guidelines for all partners in the project and ensure that they meet reporting dates and provide reports of suitable quality</p> <p>Prepare half-yearly progress reports and annual summary progress reports for IAs and forward substantive and quarterly financial reports, with supporting documentation as appropriate, in a timely manner to IAs*</p> <p>Monitor progress in the capacity-building aspects of the project, and advise national execution partners and UNEP on steps to enhance this aspect of the project.</p> <p>Organize visits by specialists to sites with significant implementation problems.</p>	<p>Receive half-yearly progress reports, annual summary progress reports, quarterly financial reports and all substantive reports, and provide policy guidance to the project on any matters arising from a reading of these reports</p> <p>Assist the Project Coordination Unit in developing linkages with other projects, assisting the wider impact of project work</p> <p>Provide overall guidance for the project implementation; bring in additional specialists, if necessary, to help resolve problem areas rapidly.</p>

Notes for Table 3: *The formats of these progress and financial reports will be detailed in the subproject documents signed between UNEP and the individual countries.

The National Steering Committees should be chaired by the National Ozone Officer and a member from the legislative government authority, and be composed of Ministry of Industries, Registration authorities of servicing agencies, Ministry of Environment, Customs Authorities, key private sector ODS consumers and and other key stakeholders associated with project execution and the implementation of regulations.

The International Project Steering Committee is listed at Annex 4B.

Table 4: Monitoring and progress reports

This describes the key content required in the bi-annual progress reports and quarterly financial reports.

Report	Format and Content	Timing	Responsibility
In-Country Progress Reports			
Document the completion of planned activities, and describe progress in relation to the annual operating/workplan. Review any implementation problems that impact on performance Summary of problems and proposed action to resolve problems Highlights of achievements	Reports will use standard UNEP Progress Report format (will mirror Annex 1D & E formats of this project document) The project logframe will be attached to each report and progress reported against outcome and output indicators.	Half-yearly, within 30 days of end of each reporting period	NOU/National Steering Committee
Self-Evaluation Reports	Per GEFSEC format	Yearly (after project has been under implementation for one year)	UNEP Task Manager with input from UNEP DTIE
Consolidated Annual Summary Progress Reports			
Presents a consolidated summary review of progress in the project as a whole, in each of its activities and in each output Provides summary review and assessment of progress under each activity set out in the	Reports will use a standard format to be developed following the UNEP GEF Progress Report model The project logframe will be used as a reference for the progress reporting so that in essence there is a constant check	Yearly, within 45 days of end of the reporting period	UNEP DTIE Officers/UNEP GEF Task Manager Ozone.

<p>annual workplan, highlighting significant results and progress toward achievement of the overall work programme</p> <p>Provides a general source of information, used in all general project reporting</p>	<p>of progress made against outcome and output indicators. A consolidated summary of the half-yearly reports</p> <p>Summary of progress and of all project activities</p> <p>Description of progress under each activity and in each output</p> <p>Review of delays and problems, and of action proposed to deal with these</p> <p>Review of plans for the following period, with report on progress under each heading</p>		
Financial reports			
Report on any co-financing that has been provided to project	Use UNEP GEF format for reporting and documentation of realized co-financing	Annual	NOU
Details project expenses and disbursements	<p>Standardized UNEP format to be provided within MOUs or subproject documents developed between UNEP and the individual country.</p> <p>Disbursements and expenses in categories and format as set out in standard UNEP format, together with supporting documents as necessary.</p>	Quarterly	NOU
Summary financial reports	(Standardized UNEP format as found in Project Document)		
Consolidates information on project expenses and disbursements	Disbursements and expenses by category. Requirement for coming period: request for cash advance.	Half-yearly, within 30 days of end of period	NOU
Financial audits			
Annual audit	Audit of accounts for project management and expenditures	Annual	NOU

ANNEX 4B

Terms of Reference (ToR) for International Project Steering Committee (PSC)

The composition of the International/Regional level Steering Committee for the medium-sized project on Capacity Building for HFC emission reduction in the refrigeration and air-conditioning sector as follows:

Organisation and individual representative	Role
UNEP DTIE, IS Project Coordinator	Lead on overall project implementation and execution of regional activities.
UNEP DGEF, Task Manager	GEF Task management, overall monitoring
UNEP DTIE, ECA Network Manager	Informs Committee on regional activities in which project countries can participate.
UNEP DTIE Green Customs Coordinator	Informs Committee on regional activities in which project countries can participate or benefit.
Azerbaijan	NOU
Tajikistan	NOU
Kazakhstan	NOU
Uzbekistan	NOU
Interested co-financing partners	Represent co-funding entities for project itself as well as the Green Customs and ECA Network.
Montreal Protocol Secretariat	Where appropriate can attend to observe and give advice on additional needs particularly for countries like Azerbaijan which have fallen considerably from Compliance.
Steering Committee Observers	Where can attend for assistance on specific issues.
Regional Network for Europe and Central Asia (RECA)	Observer, Replication proponent

The PSC will meet 3 times during project implementation, the purpose of each meeting being outlined below. Proposed dates for meetings will be:

- Start of project (within 4 months of sub- project internalization, to highlight work to be done, verify project partners, commitment, adjust work planning if needed)
- Mid-project (2007) (to review project progress)
- End-of- project 2008 (to review outputs and impact at the end of project activities).

In general, the Steering Committee is responsible for providing guidance and advice to the management team regarding the progress and direction of the project, and exerting proactive influence on policy processes. The Steering Committee is not in any way

legally or otherwise responsible for the success of the project. Specifically the Steering Committee will:

1. Provide feedback and information to the project in view of the major policy processes, and common vs. individual country as related to achieving compliance;
2. Review project workplan and annual workplans against budget allocations, as well as annual progress reports;
3. Review project implementation process paying particular attention to:
 - Progress in development and passing of legislation in countries;
 - The monitoring and evaluation plan of the project;
 - Training and networking opportunities and their utility to building capacity in the countries;
 - The extent and effectiveness of stakeholder involvement at the international, regional and national levels, particularly among the different sectors of government, private sector and NGOs in each country who have an impact or role in achieving ODS phase out and compliance with the Montreal Protocol;
 - The quality of outputs produced;
 - The sustainability of the project outcomes;
 - The replicability of actions recommended by the project taking into account that financing for promoting replicability is factored in by the project;
4. Review and approve the outline of, and subsequently the final, project synthesis report, including conclusions and recommendations particularly focusing on quality of outputs, and the information dissemination strategy, including its utility by potential users;
5. Review/monitor the implementation of the project's outreach and communication strategy;
6. Ensure where necessary linkages to international policy frameworks, networks and organizations, including:
 - Harmonized Customs codes
 - Regional Network for Europe and Central Asia (ECA)
 - Montreal Protocol
7. In order to enhance dissemination of project results and recommendations, the SC should review / monitor:
 - Stakeholder buy-in to the project during implementation (by review of the Monitoring and Evaluation survey reports);
 - Whether results reach intended targets;
 - The risks of failure;

- The scale at which stakeholders buy in and any potential conflicts between stakeholders at different levels – i.e. stakeholders at local/national/regional and global levels.

Purpose of Meetings:

I. At project onset, the steering committee will review the following:

- The project management structures in place including composition and terms of reference for the project steering committee, the technical advisory structures, the national project steering committees and in addition, the terms of reference for the management team and the lead national execution agency in each country;
- The detailed work plan for the development of legislation and training, and actions to be implemented by the project to promote buy-in at the national level (both in public and private sector);
- The sustainability of the project results and the replicability of project results which will be ongoing features during implementation rather than the traditional end of project focus on these issues;
- The kinds of documentation envisioned that would be useful for use by the project stakeholders, depending on their interests and needs;
- The detailed monitoring and evaluation plan for the project.

II. Mid-project, the role of the steering committee will be to review progress in implementation, difficulties and recommend corrective actions. Accordingly it will review progress on the following issues:

- Progress in achieving legislation development and the passing of such legislation by governments;
- The progress made in enhancement and operationalisation of the overall ODS Licensing Mechanism (including surveying, certification schemes) ;
- The timeliness in project implementation as a result of project workplan reviews;
- The implementation of the monitoring and evaluation plan of the project;
- The quality of any documents produced by the project;
- The sustainability of project results;
- The inclusion of the countries with wider regional activities and ODS strategizing, and the impact of this at the national level;
- The replicability of actions recommended by the project taking into account that financing for promoting replicability is factored in by the project;

III. Near end of project, the project steering committee will:

- Progress in achieving legislation development and the passing of such legislation by governments;
- Review the quality of all project outputs submitted to the last national steering committee meetings. These national outputs shall be compiled into one comprehensive document in draft form at least three weeks prior to the meeting;

- Review the compiled monitoring and evaluation reports from across the project. These national evaluations shall be compiled into one comprehensive document in draft form at least three weeks prior to the meeting;
- Review sustainability and replicability of project results,
- Participate in the independent evaluation of the project and feed into it the information gained through the project's own monitoring and evaluation work to concretely show impact of the project on equipping the countries for long-term compliance with the Montreal Protocol;
- Review info dissemination of output. Particular attention will be paid to the project results and recommendations to be send out to GEF Secretariat and Implementing Agencies.

ANNEX 4C: RISK FACTOR TABLES AND GUIDELINES

Note that the Risk Tables are in Excel Format and so available in separate document.

Monitoring & Evaluation Framework
For UNEP/DGEF

**Risk Management Process
Guidelines for UNEP/DGEF – Continued
Institutional Strengthening Support for
CEITs to Meet the Obligations of the
Montreal Protocol**

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I. RISK MANAGEMENT PROCESS FOR PROJECTS

1. PURPOSE

Project Risk Management Definition: Risk management is the systematic process of identification, analysis and response to project risk.⁷

Project Risk Management Objective: To locate risks before they become problems and to incorporate this information into the project management processes.⁸

This project risk management process is used by the UNEP/DGEF project management teams to identify and handle the risks on their projects. The process covers the needs of the project team to proactively manage their project allowing for corrective planning and execution to take place if necessary.

2. PROCESS

Identification of project risks

As the risk identification team considers a prospective project, it evaluates its potential risks, to be able to build a project document and work plan that maximizes the probability of project success. Risk identification is generally done during the project development phase, then at the beginning of the active project work, and at each new phase of a large project. The process of identification is assisted by the use of a project risk factor table⁹ that captures commonly encountered risks as well as specific project risks. A list of basic risks for this project has already been elaborated (see Worksheet 1 of Excel file provided separately for appending to this document). However, the national project team may elaborate on additional risks than may arise unexpectedly in the course of implementation.

Analysis of project risks

The identified risks are analyzed to establish the project exposure for each risk and to determine which risk items are the most important ones to address. This analysis is supported by the top risk chart (see Worksheet 2 of Excel file provided separately for appending to this document).

While the initial risk analysis deals with the risks identified early in the project, sustained analysis is needed as the project proceeds. In some cases new risks can be identified. The top risk chart gets attached to the Progress Report. The risks may or may not be addressed with a mitigation action, depending on the cost of that action and the ranking of the risk.

Handling project risks

Risks may be handled in different ways. Alternatives include:

⁷ “A guide to the Project Management Body of Knowledge”, Project Management Institute, 2000

⁸ “Continuous risk management guidebook”, Carnegie Mellon, SEI, 1996.

⁹ ©TeraQuest, Permission granted for use and modification, given that this citation remains in the resulting copies.

- Accept the risk, with no investment of effort or cost. This is appropriate when the cost of mitigation exceeds the exposure, and the exposure is acceptable.
- Transfer the risk to someone else, or agree to share the risk. This is appropriate when a partner is better able to handle the risk
- Fund and staff the efforts to reduce the probability that the risk will become a problem.
- Fund and staff the effort to reduce the loss associated with the risk should it become a problem.

Appropriate handling actions should also be described in the Top Risk Chart.

Tracking and controlling project risks

Throughout the project, the management team tracks progress handling the risks to ensure that:

- Actions which should reduce the probability of occurrence are effective
- Actions which should reduce the loss associated with the risk are effective
- A contingency plan is performed for risks where there is no possible mitigation. Generally a project accounts for an overall contingency budget line of about 10% and is best managed if further budgeted for each project component. Managers are required to formally request this additional funding. (see Worksheet 3 of Excel file provided separately for appending to this document)

In addition the team watches additional risks that need to be addressed, as well as changes in impact or probabilities to previously identified risks.

When envisaging the project risk management work of the project, there are three areas to consider¹⁰ with regards to the work plan:

- **Risk management**¹¹ – *identifying, analyzing, planning and monitoring – should be a small part of the project work plan.*
- **Risk mitigation** – *the work required to handle the risks. It may be small or it may be significant. In either case, it's a part of the work plan of the project, and it gets scheduled like any other work item.*
- **Contingency management** – *work defined in contingency plans. This is generally not included in the project work plan, but is additional work to be budgeted and done if the contingency condition indicates it is time for the contingency plan. The risk management plan should make such contingency estimates clear, and the plan should identify the method for getting approval for the funds/effort/other resources to conduct the contingency plan, if the need should arise.*

3. ROLES AND RESPONSIBILITIES

The following table describes how roles may be tailored for a project's risk management process.

¹⁰ "Risk Management Guidelines and Best Practice", MITAB Project Management Committee, 2003.

¹¹ For clarity purposes: here defined as activities included in the work plan, as opposed to contingency planning.

	Development Phase	Implementation Phase	Evaluation Phase
Project National Executing Agency (ies): NEAs (in this case, the NOU leads)	<p>Initial identification of project risks at national level by each NEA coordinator.</p> <p>This was carried out within UNEP based on the outcomes of the Portfolio evaluation by independent consultant in 2004.</p>	<p>Risk Factor Table to be updated and top risk chart analysis to be performed bi-annually by each NOU and submitted to UNEP.</p> <p><i>Actions to be taken are scheduled in next bi-annual work plan. Contingency plan is attached if necessary for approval by UNEP DGEF</i></p> <p>Risk analysis is attached to bi-annual progress report.</p>	<p><i>Terminal Evaluation by UNEP-Evaluation and Oversight Unit will assess each NOU's Risk Management process as part of the quality of the project's M&E Framework/plan.</i></p>
Project Regional Executing Agency (ies) REAs (Not applicable to this project)			

	Development Phase	Implementation Phase	Evaluation Phase
Project Implementing Agency-UNEP	<p><i>Initial overall project risk identification to be produced by UNEP Task Manager and included as a PDF output in the project document.</i></p> <p>As aforementioned, risk factors identified through independent 2004 Portfolio Evaluation. UNEP GEF Task Manager with discussions with DTIE team identified and added potential risks as relates to the Green customs and networking activities.</p>	<p>Risk Factor Table to be updated and top risk chart analysis to be performed annually by UNEP Task Manager and submitted to the UNEP GEF M&E Office and Focal Area Officer.</p> <p>Actions to be taken are scheduled in next annual work plan.</p> <p>Contingency plan is attached if necessary for approval by project Steering Committee.</p>	<p>Terminal Evaluation by UNEP-EOU will assess UNEP Task Manager Risk management process as part of the quality of the project's M&E Framework/plan.</p>

1. IA-UNEP/DGEF Task Manager- drives the risk management process at the start of the process, participates in risk identification and mitigation for medium and high focus risk management, accepts or rejects the level of risk of the project.
2. National EA-ie. the NOUs- perform the activities of the risk management process for the project.
3. Risk Identification Team-provides input to the process of identifying risks. New risks can be identified at the national level and Steering Committee level.
4. Risk Mitigation Team-performs actions to reduce the exposure from this risk.