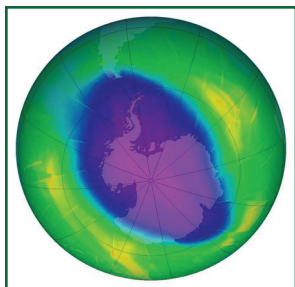


GEF Annual Impact Report 2009: Impact Evaluation of the Phaseout of Ozone-Depleting Substances in CEITs



Ozone hole at 25 years old (NASA).

Highlighted in the 2009 Annual Impact Report of the Global Environment Facility (GEF) is an evaluation undertaken by the GEF's Evaluation Office to assess the impact of GEF

financing in the ozone portfolio of projects on the phaseout of ozone-depleting substances (ODS) in countries with economies in transition (CEITs).

The strategic objective of the GEF's ozone layer focal area is to protect human health and the environment by helping countries phased out the consumption and production, and prevent releases, of ODS while enabling alternative technologies and practices according to countries' commitments under the Montreal Protocol. The GEF focuses on providing support to developed CEITs that are not eligible for funding under the Multilateral Fund of the Montreal Protocol, which targets only developing countries. Since the early 1990s, the GEF has allocated nearly \$183 million to 18 countries through 21 national and five regional projects.

The evaluation combined three approaches to investigate impact from several perspectives, using a mix of quantitative and qualitative methods of data collection and analysis:

- An overall theory of change approach
- In-depth field case studies to assess whether the theory of change approach had accurately described the process
- Before and after measures of ODS consumption and production in CEITs for a comparison among the countries supported

In-depth case studies were conducted in four CEITs: Kazakhstan, the Russian Federation, Ukraine, and Uzbekistan. A further 10 field case studies were conducted by the United Nations Development Programme and the United

Nations Environment Programme as part of a parallel terminal evaluation initiative addressing similar issues in other Eastern European, Baltic, and Central Asian countries.

Findings

GEF support for the phaseout of ODS consumption and production in CEITs has made a contribution to global environmental benefits. Two elements turned out to be crucial to ensure the impact of GEF support:

- Government commitment to ODS phaseout, which included the development and implementation of policy and legislation to phase out consumption and promote ODS-free alternatives; government institutional capacity to manage ODS phaseout; government customs and border security measures to curtail illegal trade in ODS; and recycle, reclamation, and reuse programs
- Private enterprise sustainability and commitment to ODS phaseout

GEF financing supported technological and production changes that enabled firms to comply with the Montreal Protocol and maintain and/or gain market share and thus make profits. Of the 71 firms visited and surveyed, 54 are still actively in business.

Legislative and policy changes supporting ODS phaseout provided a foundation for success and ensured sustainability. The evaluation found that legislative and policy changes to restrict ODS import and export, as well as capacity development of technicians in the refrigeration sector, played a critical role in pushing the private sector and individual consumers to move toward more environmentally friendly alternative chemicals and technologies.

Private sector commitment to ODS phaseout was a critical driver in the success of GEF investments in CEITs. The GEF ODS portfolio has been characterized by strong private sector involvement from the early stages of

project design through implementation. Highlights of results achieved by the industrial sector are as follows:

- **Refrigeration industry.** The evaluation found that more than 50 percent of the companies that received investment from the GEF continue to be ongoing concerns in 2009. Several companies expanded their operations through internal and acquisition-based growth after the GEF investment.
- **Foam, aerosol, and solvent industries.** Some companies reported that the GEF investment contributed to a quick and timely conversion to non-ODS production technologies, which in turn contributed to improved profitability.
- **Refrigeration and air conditioning servicing industry.** These companies received ODS recycling and recovery equipment through the project; the majority of this equipment was still in use after nearly 10 years.

Illegal trade threatens to undermine gains in ODS reduction in the non-European Union (EU) CEITs. Efforts to combat illegal trade are not yet fully effective, and many of the non-EU CEITs currently lack the technical and legal capacity to curtail such trade.

Halon recovery and banking has been neglected in the non-EU CEITs. Halon is an ODS used in firefighting agents. Its production has ceased globally because of its severe ozone-depleting properties: it destroys about six times more ozone than CFC chemicals. However, its recovery and banking has been neglected.

In some countries, the national ozone units ceased to function after GEF support ended, which may prevent

measures being put in place to address the remaining threats to the ozone layer. In CEITs that became EU members, these units continue to be funded, but non-EU CEITs continue to depend on international aid to finance ODS reduction and phaseout programs. These countries will need to consider reinstating these units or secure their functions elsewhere because the issues require continued attention.

Recommendations

- **To the GEF Council.** The GEF should consider further investment in capacity development to help CEITs address the remaining threats to the ozone layer. It should also take the lessons learned from the positive private sector engagement in reducing depletion of the ozone layer to incorporate similar approaches in the other GEF focal areas.
- **To Non-EU CEITs.** These countries should consider making improvements in the implementation of legislation, policies, and standards on all aspects of ozone layer protection; strengthen their efforts to prevent illegal trade; and take further actions to manage and bank halon.

The GEF Council, based on its review of the GEF Annual Impact Report 2009 and the Management Response to the report, decided that GEF-5 strategy proposals should include further investment in capacity development to help CEITs address the remaining threats to the ozone layer. The Council stated that the GEF Secretariat should incorporate lessons from the positive private sector engagement in the ozone layer into the other focal areas.

The GEF Evaluation Office is an independent entity reporting directly to the GEF Council, mandated to evaluate the focal area programs and priorities of the GEF.

The full version of the *GEF Annual Impact Report 2009* is available in the Evaluations and Studies section of the GEF Evaluation Office Web site, www.gefeo.org. For more information, please contact the GEF Evaluation Office at gefevaluation@thegef.org.