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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-seventh Meeting
Bangkok, Thailand, 16 – 20 July 2012

**DRAFT REPORT OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL TO THE
TWENTY-FOURTH MEETING OF THE PARTIES**

Pursuant to the Terms of Reference of the Executive Committee of the Multilateral Fund, the Secretariat has prepared the draft report to the Twenty-fourth Meeting of the Parties for your consideration. The report contains the relevant decisions taken by the Committee at its 66th meeting and, after the conclusion of the 67th meeting, it will be updated to incorporate any comments from the Meeting and the relevant decisions taken at the Meeting.

Introduction

1. The terms of reference of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro.9/12, Annex V) require the Executive Committee to report annually to the Meeting of the Parties. The present report, which covers the activities undertaken by the Executive Committee since the Twenty-third Meeting of the Parties, is submitted in fulfilment of that requirement. The report includes three annexes: Annex I containing tables with data on project approvals; Annex II containing an assessment report on implementation of the recommendations contained in the 2004 evaluation and review of the financial mechanism; and Annex III showing the amounts of HCFC consumption phased in.

2. During the reporting period, the 66th meeting of the Executive Committee was held in Montreal from 16 to 20 April 2012, [and the 67th in Bangkok (Thailand) from 16 to 20 July 2012]. The reports of those meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/66/54, and [to be completed], respectively, and are available on the Multilateral Fund's web site (www.multilateralfund.org).

3. In accordance with decision XXIII/19 of the Twenty-third Meeting of the Parties, the 66th Meeting of the Executive Committee was attended by Belgium, Canada, Finland, Japan, the United Kingdom of Great Britain and Northern Ireland (Vice-Chair) and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by Argentina, China (Chair), Cuba, India, Jordan, Kenya and Mali, representing Parties operating under paragraph 1 of Article 5, and was chaired by Mr. Xiao Xuezhi (China), with Ms. Fiona Walters (the United Kingdom of Great Britain and Northern Ireland) acting as Vice-Chair. Ms. Maria Nolan, Chief Officer, acted as Secretary for all the Meetings.

4. All the Meetings within the reporting period were also attended by representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) both as implementing agency and as Treasurer of the Fund, the United Nations Industrial Development Organization (UNIDO), the World Bank, the Ozone Secretariat and other observers.

A. ACTIONS TAKEN TO IMPLEMENT DECISIONS OF MEETINGS OF THE PARTIES

Decision XIX/6 and decision XXI/9

5. Decision XIX/6 requested the Executive Committee to assist Parties in preparing their HCFC phase-out management plans (HPMPs). Decision XXI/9 also called on the Executive Committee, as a matter of urgency, to expedite the finalization of its guidelines on HCFCs and consider providing additional funding and/or incentives for additional climate benefits, where appropriate, and consider further demonstrating the effectiveness of low-global warming potential (GWP) alternatives to HCFCs. Several outstanding issues regarding HCFC phase-out were discussed at the meetings during the period under review and are described below. Since these two decisions were taken, HPMPs for 122 countries have been approved.

HCFC demonstration and investment projects

6. The 66th meeting discussed the issue of low cost options for the use of hydrocarbons in the manufacture of polyurethane foam and the use of methylal as a blowing agent in the manufacture of polyurethane foam systems. UNDP had formulated a number of pilot projects to investigate the safe use of methylal to replace HCFC-141b in polyurethane foam applications and the use of methylal as a replacement appeared to be a feasible solution that met the objectives of a cost-effective, zero-ODP,

low-GWP replacement technology. The Executive Committee requested UNDP to finalize the additional investigation on safety-related issues, densities and optimization of equipment and develop a costing concept on pre-blended hydrocarbon polyols (decision 66/15, sub-paragraph (s)(ii)). The Executive Committee also requested bilateral and implementing agencies to share UNDP's assessment report on methylal as blowing agent and on low cost options for hydrocarbons, in the manufacture of polyurethane foams, together with information on other alternatives, when assisting Article 5 countries in preparing projects for the phase-out of HCFC-141b in polyurethane foam applications (decision 66/15, sub-paragraphs (r)(ii) and (s)(iii)).

Information on second stage conversions

7. The 66th meeting was provided with information on previous conversions funded by the Multilateral Fund, including the conditions under which agreements had been signed with Article 5 countries on the phase-out of CFCs. The Executive Committee decided that the conversion of new HCFC foam production lines in second-stage conversion enterprises which had been established after the enterprises had been converted to a non-CFC alternative were entitled to full funding of eligible incremental costs provided that the new lines had been established prior to 21 September 2007, and on the understanding that the cost of replacement or retrofit of any equipment item installed after that cut-off date would not be eligible for funding (decision 66/50, sub-paragraph (b)). The Executive Committee also decided to consider approving, on a case-by-case basis, the full funding of eligible incremental costs for second-stage conversion projects to phase-out HCFC-141b contained in imported polyols, on the understanding that the governments concerned agreed to make commitments to ban imports of HCFC-141b, both in bulk and in pre-blended polyols (decision 66/50, sub-paragraph (c)).

Tracking system for HCFC-141b-based pre-blended polyols exported by systems houses and used by foam enterprises in importing Article 5 countries

8. The 66th meeting considered options for a tracking system for HCFC-141b-based pre-blended polyols, emphasizing the need for a framework to avoid double funding. The Executive Committee decided that it would consider discounting from a country's starting point for aggregate reductions in HCFC consumption the amount, or average amount, of HCFC-141b contained in pre-blended polyols exported for the year or years on which the starting point had been based. The bilateral and implementing agencies, in collaboration with the Governments of Chile, China and Colombia, were invited to provide the Fund Secretariat with the best available data on the amount of HCFC-141b in pre-blended polyols exported during 2009 and 2010; and the Fund Secretariat was requested to update the information on the amounts of exports and imports of HCFC-141b contained in pre-blended polyols, and report back to the Executive Committee at its 68th meeting. The Executive Committee further agreed to consider, at its 68th Meeting, when to deduct the amounts of HCFC-141b, exported in pre-blended polyols, from the starting point for aggregate reductions in HCFC consumption of the countries concerned (decision 66/51).

Maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector

9. The 66th meeting discussed the climate impact of HCFC phase-out in the refrigeration servicing sector and considered, *inter alia*, the training of technicians, the GWP of the alternatives being used, energy efficient alternatives to HCFCs, the scope of incentive programmes, the implications for HPMPs that had already been approved, and the impact that reporting on the issue would have on bilateral and implementing entities. It was pointed out that, for economic and technical reasons some countries might be limited in their ability to use low-GWP alternatives to HCFCs and the Executive Committee decided to defer further consideration of the issue until its 67th meeting (decision 66/20).

Incremental costs related to retooling for manufacturing heat exchangers

10. The 66th meeting considered the issue of whether the conversion of refrigeration or air-conditioning systems from HCFCs to non-flammable HFCs, and the capital costs related to the retooling, should be treated as an incremental cost, or whether they constituted an avoidable technology upgrade. The Executive Committee decided that in cases of conversion of a manufacturer of HCFC air-conditioning products to an alternative non-flammable substance with substantially higher working pressures, and where the manufacturer had its own heat exchanger manufacturing facility, expenditures related to dynamic testing of heat exchangers to ensure pressure resistance were part of the conversion cost; and to request the Secretariat to use, for those cases, the technical information provided in document UNEP/OzL.Pro/ExCom/66/51 and the related technical study, as well as any other relevant information available to determine the extent to which those costs were eligible and incremental (decision 66/52, sub-paragraphs (a) and (b)).

Guidelines for stage II of HPMP preparation

11. The 66th meeting considered the issue of guidelines for stage II of HPMP preparation when discussing the issue of the consolidated business plans of the Multilateral Fund (see paragraph 28 below) and requested the Fund Secretariat, in cooperation with the implementing agencies, to prepare a first draft of such guidelines for the 69th meeting of the Executive Committee (decision 66/5, sub-paragraph (c)).

Decision XXI/4

12. The Twenty-first Meeting of the Parties requested the Executive Committee to consider reviewing both of the CFC production phase-out agreements with China and India with a view to allowing production of pharmaceutical-grade CFCs to meet the authorized levels of production and consumption specified and any authorized amounts in future years. Accordingly, the Sub-group on the Production Sector met in the margins of the 66th Meeting and took the decision on the production sector agreements (decision 66/54, sub-paragraphs (b), (c) and (d), see paragraph 16 below).

Decision XXIII/7

13. The 66th meeting noted that paragraph 8 of decision XXIII/7 of the Twenty-third Meeting of the Parties, which considered the use of carbon tetrachloride (CTC) for the production of vinyl chloride monomer (VCM) superseded sub-paragraphs (iii) and (iv) of decision 65/10(j), and requested the World Bank to provide, to the 70th Meeting, a report on the status of the use of CTC for the production of VCM in India (decision 66/15, sub-paragraph (j)).

Decision XXIII/14

14. Decision XXIII/14 requested the Executive Committee to consider requesting the Senior Monitoring and Evaluation Officer, when carrying out the evaluation of methyl bromide projects in Africa, to consider options for a strategy to achieve the sustainable use of effective alternatives to methyl bromide in Africa. The issue was considered by the 66th meeting when discussing the desk study on the evaluation of methyl bromide projects (see paragraph 43 below).

B. PROCEDURAL MATTERS

(i) Sub-group on the production sector

15. The 66th meeting reconvened the Production Sector Sub-group, composed of the representatives of Argentina, Canada (convenor), China, Cuba, Finland, India, Japan, Jordan, the United Kingdom of

Great Britain and Northern Ireland and the United States of America. The Executive Committee agreed to the recommendations of the Sub-group and took note, *inter alia*, of the verification report on the 2010 CFC production in China and the report in the implementation of decision 60/47. Regarding the draft final report on the technical audit of China's HCFC production sector, the Executive Committee noted that the delayed submission of the final technical audit report would not prevent it from considering the project proposal for HCFC phase-out plan for the production sector in China, and decided, through the Government of China, to invite the HCFC production plants to provide data that they had not provided to the original consultant, and requested the Secretariat to review, for consideration at the 67th meeting, the project proposal for HCFC phase-out in the production sector in China, taking into account any available information from the technical audit, as well as any other relevant sources of information (decision 66/54, sub-paragraphs (a), (f), (h) and (i)).

16. The Executive Committee also adopted the recommendation to modify the production sector agreement with China to allow the production for export of pharmaceutical grade CFCs in 2012, with an annual review, for purposes of meeting the 2012 essential use exemption for metered-dose inhalers authorized by the Parties in decision XXIII/2, provided the exporting country had reporting and verification systems in place and that the reporting and verification systems collected and reported on some specific information and requested the World Bank, as the implementing agency, to provide its services in carrying out the verification/audit and to submit reports to the Executive Committee on behalf of China (decision 66/54, sub-paragraphs (b) and (c)).

17. The Executive Committee requested the Sub-group to continue its discussion of the HCFC production sector guidelines at the 67th meeting (decision 66/54, sub-paragraph (i)).

C. FINANCIAL AND ADMINISTRATIVE MATTERS

(i) Status of contributions and disbursements

18. As at 13 April 2012, the total income to the Multilateral Fund, including cash payments, promissory notes held, bilateral contributions, interest earned and miscellaneous income, amounted to US \$2,911,538,916, and total allocations, including provisions, amounted to US \$2,868,788,515. The balance available at 13 April 2012 therefore amounted to US \$42,750,401. The yearly distribution of contributions against pledges is as follows:

YEARLY DISTRIBUTION OF CONTRIBUTIONS AGAINST PLEDGES

Year	Pledged contributions US \$	Total payments US \$	Arrears/outstanding pledges US \$
1991-1993	234,929,241	210,729,308	24,199,933
1994-1996	424,841,347	393,465,069	31,376,278
1997-1999	472,567,009	434,353,879	38,213,130
2000-2002	440,000,001	429,283,071	10,716,930
2003-2005	474,000,000	465,570,282	8,429,718
2006-2008	368,028,480	358,884,648	9,143,832
2009-2011	399,640,706	379,101,492	20,539,215
2012	133,333,333	19,367,815	113,965,518
Total:	2,947,340,118	2,690,755,565	256,584,553

Note: Not including any disputed contributions.

(ii) Interest collected during the 2006-2008 and 2009-2011 trienniums

19. As at 13 April 2012, the total level of interest recorded in the Treasurer's accounts amounted to US \$43,537,814 for the 2006-2008 triennium and US \$10,544,631 for the 2009-2011 triennium.

(iii) Gain from the fixed-exchange-rate mechanism

20. The Treasurer informed the 66th meeting that as of 13 April 2012 the total amounts gained from exchange differences since the inception of the fixed-exchange-rate mechanism stood at US \$25,645,183. The Treasurer was requested to include in his report to the Executive Committee a list of Parties that had opted to use the fixed-exchange-rate mechanism in making their contributions to the Fund during the replenishment period 2012-2014 (decision 66/1, sub-paragraph (c)).

(iv) Bilateral cooperation

21. At the 66th meeting the Executive Committee approved requests by France, Germany and Spain to credit bilateral assistance amounting to a total of US \$2,683,091 (decision 66/22). This brings the total for bilateral cooperation since the inception of the Multilateral Fund to US \$141,620,813 (excluding cancelled and transferred projects), representing approximately 5 per cent of funds approved. The range of bilateral projects approved includes, *inter alia*, HPMPs, and national methyl bromide phase-out plan.

(v) Issues pertaining to contributions

22. During the period under review, the Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible (decision 66/1 sub-paragraph (d)).

23. The 66th meeting heard a report from the Chief Officer on her meeting with the representatives of the Russian Federation in the margins of the Twenty-third Meeting of the Parties to the Montreal Protocol to discuss the outstanding contributions of the Russian Federation. She said that following that meeting the Secretariat had received an invitation to carry out a second round of consultations and that consequently she, together with the Senior Administrative and Fund Management Officer and the Treasurer, would attend meeting with the Ministries of Finance, Foreign Affairs and Environment in Moscow from 26 to 27 April 2012.

(vi) Financial Planning for 2012-2014

24. The 66th meeting considered an assessment of the cash flow issues for 2012 and requested that those contributing Parties that did not provide for accelerated encashment of promissory notes to consider either allowing the Treasurer to accelerate the encashment schedule or adjusting their encashment schedules to correspond to the year in which the contributions were due (decision 66/3, sub-paragraph (b)(ii)). Bilateral agencies were also requested to specify the costs of planned activities and make an effort to remain within the estimates so specified (decision 66/3, sub-paragraph (b)(i)). Parties were urged to pay their contributions for each year by June so as to enable the full commitment of the US \$450 million budget during the 2012-2014 triennium in line with paragraph 3 of decision XXIII/15 (decision 66/3, sub-paragraph (c)(i)).

25. The issue of the arrears in payments of contributions to the Multilateral Fund was also considered at the 66th meeting and the Executive Committee urged contributing Parties with arrears for 2009-2011 pay them during 2012 and to countries with economies in transition that had not previously paid their contributions to make them for the 2012-2014 triennium (decision 66/3, sub-paragraphs (c)(ii) and (c)(iii)). The Executive Committee decided to consider the availability of cash flow for the 2014 budget at its first meeting for 2014 (decision 66/3, sub-paragraph (d), and to adopt a resource allocation of US \$145 million in 2012, US \$145 million in 2013 and US \$160 million in 2014, with any allocated funds to be allocated subsequently during the 2012-2014 triennium (decision 66/3, sub-paragraph (e)).

(vii) Administrative costs for the 2012-2014 triennium

26. Pursuant to decision 65/18 the Executive Committee, at its 66th meeting, considered options for an administrative cost regime for the 2012-2014 triennium, and a contact group was established to consider the matter in more detail. Following the report of the convenor of the contact group, the Executive Committee took note of the assessment of options for an administrative cost regime and decided to apply the existing cost regime to the first tranche of agreements approved at the 66th meeting. It also decided to maintain the existing cost regime for UNEP, to reconsider administrative costs at its 67th meeting, together with the options discussed by the contact group, to continue discussing the possible need for terms of reference for the assessment of the administrative cost regime for the 2015-2017 triennium at its 68th meeting and how to modify them in the light of the previous terms of reference (decision 66/17).

D. BUSINESS PLANNING AND RESOURCE MANAGEMENT

(i) Consolidated business plan of the Multilateral Fund for 2012-2014

27. The 66th meeting considered the 2012-2014 consolidated business plan of the Multilateral Fund, noting that it exceeded the budgets for 2012 -2014 period, largely owing to uncertainties associated with the cost of HCFC activities. After making some amendments to the projects proposed the Executive Committee decided to: endorse the 2012-2014 business plans as further adjusted by the Secretariat and the Executive Committee, while noting that endorsement denoted neither approval of the projects therein nor their funding or tonnage levels; also adjust the business plans of the bilateral and implementing agencies by applying the cost-effectiveness threshold of US \$6.92/kg to all foam projects, including those in the rigid polyurethane foam sector; to limit new HCFC phase-out activities that would exceed a 10 per cent reduction of the baseline to no more than a 35 per cent reduction of the baseline in non-low-volume-consuming countries for those activities in the business plan that had not yet been submitted; to maintain in the business plans of the bilateral and implementing agencies only those ODS destruction projects for which project preparation funds had already been approved by the Executive Committee; to remove phase-out activities involving swing plants, pending an Executive Committee decision on funding eligibility for swing plants, on the understanding that requests for such activities could be reintroduced into the business plans of the implementing agencies after the Executive Committee had agreed on the HCFC production sector guidelines, as appropriate; to remove activities for the United Arab Emirates on the understanding that the Executive Committee would defer the request of the United Arab Emirates for assistance from the Multilateral Fund to a future meeting to allow more time for discussion with the country; to further adjust all new activities in the business plan to the budget allocation for the 2012-2014 triennium; and to maintain the project for promoting alternatives to HCFCs in air-conditioning sectors in high-ambient temperature countries in West Asia in the business plan for 2012, with an adjusted funding (decision 66/5, sub-paragraphs (a) and (b)).

28. The Executive Committee also requested the Fund Secretariat, in cooperation with the implementing agencies, to prepare guidelines for stage II of HCFC phase-out management plan preparation and to present a first draft to the 69th meeting of the Executive Committee. It further requested the Fund Secretariat to discontinue climate impact data reporting at the business plan stage of project consideration; and decided to monitor the results of proposed funding distributions in light of approved commitments to ensure that planned funding distributions would be available to meet commitments for both the HCFC consumption and production sectors (decision 66/5, sub-paragraphs (c), (d) and (e)).

(ii) 2012-2014 plans of the bilateral and implementing agencies

29. The 66th meeting, after also noting the Government of Germany's confirmation that it would continue to adjust its business plan so that it remained within the range of its 20 per cent bilateral contribution, took note of the business plans of the bilateral agencies, UNDP, UNEP, UNIDO and the World Bank; and approved the performance indicators for the implementing agencies (decisions 66/6, 66/7, 66/8, 66/9 and 66/10).

(iii) Compliance with the next control measures of the Montreal Protocol

30. The 66th meeting considered updated reports on the status of compliance and information on projects with implementation delays. The 66th meeting was informed that seven of the 22 projects previously listed as having implementation delays had been completed. It was decided to request additional status reports on some projects and the Secretariat was requested to take the established actions regarding projects with implementation delays (decision 66/4).

E. FUND ACHIEVEMENTS SINCE INCEPTION

(i) Total ODS phased out

31. Since 1991, 6,640 projects and activities (excluding cancelled and transferred projects) had been approved, with the following geographical distribution: 2,745 projects and activities for countries in Asia and the Pacific; 1,671 for countries in Latin America and the Caribbean; 1,529 for countries in Africa, 402 for countries in Europe; and 293 with global coverage. Of the 458,551 tonnes of ODS to be eliminated once all these projects have been implemented, a total of 447,793 tonnes of ODS had already been phased out. A breakdown by production and consumption and by sector is given in table 1 of Annex I. The sectoral distribution of the actual ODS phased out is indicated in the table below:

Sectors	ODP tonnes phased out*
Aerosol	26,809
Destruction	0
Foam	65,712
Fumigant (methyl bromide)	6,618
Halon (production and consumption)	88,381
Projects in multiple sectors	455
Process agent (production and consumption)	55,434
National phase out plan (production and consumption)	54,470
Production	89,860
Refrigeration	50,389
Several	714
Solvent	7,318
Sterilant	60
Tobacco expansion	1,574
Total	447,793

*Excluding cancelled and transferred projects

(ii) Funding and disbursement

32. The total funds approved by the Executive Committee since 1991 in order to achieve this phase-out of ODS and to implement both ongoing investment projects and all non-investment projects and activities amounted to US \$2,808,583,432, including US \$282,835,072 for agency support costs (excluding cancelled and transferred projects). Of the total project funds approved, the amounts allocated to, and disbursed by, each of the implementing agencies and bilateral agencies, are indicated in the table below:

Agency	US \$ approved (1)	US \$ disbursed (2)
UNDP	677,395,339	580,949,155
UNEP	217,051,036	181,587,109
UNIDO	700,085,779	531,988,236
World Bank	1,072,430,464	999,576,991
Bilateral	141,620,813	120,358,876
Total	2,808,583,432	2,414,460,367

(1) As at 14 June 14 2012 (excluding cancelled and transferred projects)

(2) As at 31 December 2011 (excluding cancelled and transferred projects)

F. FUNDING APPROVALS DURING THE REPORTING PERIOD**(i) Projects and activities approved during the reporting period (66th [and 67th] Meetings of the Executive Committee)**

33. During the reporting period, the Executive Committee approved a total of 59 additional projects and activities, with a planned phase-out of 495 ODP tonnes in the production and consumption of controlled substances. The total funds approved for project/activity implementation, amounting to US \$33,077,861 including US \$2,449,575 for agency support costs, are as follows by agency:

Agency	US \$	US \$ support	US \$ total
UNDP	13,750,522	1,032,711	14,783,233
UNEP	2,336,283	223,135	2,559,418
UNIDO	11,224,500	844,411	12,068,911
World Bank	914,612	68,596	983,208
Bilateral	2,402,369	280,722	2,683,091
Total	30,628,286	2,449,575	33,077,861

(ii) 2012 work programmes

34. The 66th meeting approved the 2012 work programmes of the implementing agencies, deferring some projects, approving the change of implementing agencies and posing a number of conditions: UNDP (decision 66/21); UNEP (decisions 66/21, 66/23 and 66/24); and UNIDO (decisions 66/21 and 66/25).

(iii) Investment projects

35. Of the total funds approved in the period under review, the Executive Committee allocated US \$26,305,787 including US \$1,932,534 for agency support costs, for the implementation of investment

projects to eliminate an estimated quantity of 491 ODP tonnes in consumption and production of ODS. A breakdown by sector is given in table 2 of Annex I to the present report.

36. The Executive Committee also approved 16 new agreements, with commitments in principle totalling US \$55,928,662. Details of the amounts per country and sector can be found in table 3 of Annex I to the present report. US \$23,123,292, including US \$1,732,798 in agency support costs, have been approved during the reporting period for the tranches of these agreements.

Demonstration projects

37. During the period under review, 2 demonstration projects were approved for ODS destruction amounting to a total of US \$2,441,594 including US \$170,344 in agency support costs.

(iv) Non-investment activities

Technical assistance and training

38. During the period under review, one technical assistance project amounting to US \$226,000, including US \$26,000 for agency support costs, was approved, bringing the cost of technical assistance projects and training activities approved since the inception of the Multilateral Fund to a total of US \$139,517,821 (excluding cancelled and transferred projects). This amount does not include the non-investment components of MYAs, core unit costs and CAP budgets.

Institutional strengthening

39. Since the Twenty-third Meeting of the Parties, US \$1,596,995 including agency support costs of US \$72,862 were approved for institutional strengthening (IS) projects. This brings the total approvals by the Executive Committee to US \$95,200,549 for IS projects in 144 Article 5 countries. When approving funding for IS projects, the Executive Committee expressed certain views that were annexed to the reports of the respective Meetings.

40. The its 66th meeting the Executive Committee also discussed the institutional strengthening progress report for the Democratic People's Republic of Korea and requested UNEP and other interested implementing agencies to further develop proposed alternative methods of disbursement, organizational structures and monitoring procedures, taking into account the experience of other agencies working on the ground in that country, for the consideration of the Executive Committee at its 68th meeting (decision 66/15, sub-paragraph (k)(ii)).

G. MONITORING AND EVALUATION

(i) Desk study on evaluation of multi-year agreement projects

41. The 66th meeting considered comments on the desk study that had been compiled by the Senior Monitoring and Evaluation Officer and requested her, when preparing the final report of the evaluation, to also take into consideration those comments and observations that had been received by the fund Secretariat by the 66th meeting (decision 66/11, sub-paragraph (b)).

(ii) Terms of Reference for the evaluation of multi-year agreement projects (second phase)

42. The 66th meeting considered the terms of reference for the evaluation of multi-year agreement projects (second phase), which were different from those dealt with by the Executive Committee in the past, and requested the inclusion of more information on the planning of the evaluation, the related

schedule, the criteria for selecting the consultant and the costs. The Senior Monitoring and Evaluation Officer was requested to revise the terms of reference, taking into consideration the comments made by the members of the Executive Committee for consideration at a future meeting (decision 66/12, sub-paragraph (b)).

(iii) Desk study on the evaluation of methyl bromide projects

43. The 66th meeting heard a report on the desk study on the evaluation of methyl bromide projects, which examined the sustainability of alternatives adopted through investment projects and the risk of returning to methyl bromide use in African countries; as well as the proposal that the final stage of the evaluation would involve a field study in a sample of countries that would concentrate on larger consumers, and on the results obtained through investment projects. Following a discussion and noting the caveat that the final phase of the study should not exceed the bounds of an evaluation, the Executive Committee took note of the information provided, including the proposed evaluation issues and approach for the final phase of the evaluation of methyl bromide projects (decision 66/13).

(iv) Tranche submission delays

44. At the 66th meeting it was noted that ten of the 17 annual tranches of MYAs due for submission had been submitted on time to the 66th meeting (decision 66/14, sub-paragraph (b)).

(v) Progress reports on approved projects with specific reporting requirements

45. The 66th meeting noted the progress reports submitted pursuant to specific reported requirements on approved projects and took the required action (decision 66/15).

H. POLICY MATTERS (not already covered)

(i) Systematizing and streamlining reporting on progress to the Executive Committee across the spectrum of reports

46. The 66th meeting considered the systematizing and streamlining reporting on progress across the spectrum of reports presented to the Committee. After noting the document on the issue prepared by the Secretariat, the Executive Committee decided: that a new agenda item “Status reports and compliance” would replace both the agenda items on the “Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures” and the “Report on implementation of approved projects with specific reporting requirements”. It was also decided that tranche implementation plan (TIP) reports were not required in the absence of a funding request except when there was an issue of the application of a penalty clause or a change to targets in approved TIPs. The Executive Committee also decided that agencies could submit project completion reports for multi-year agreements and any available verification reports, together with the table entitled “Overall implementation plan and annual implementation report” (Table 8) of the approved format for project completion reports for multi-year agreements, in lieu of TIPs and TIP reports, for: refrigerant management plans, terminal phase-out management plans, national phase-out plans for CFC, CTC and methyl bromide and, in the event that a verification report was completed before a project completion report, to submit the verification in the context of a status report or an Annual Progress and Financial Report. The Executive Committee requested UNEP to present its detailed annual progress report on Compliance Assistance Programme (CAP) activities to the third meeting of each year in the context of the annual CAP approval, and to identify any project implementation impediments for the CAP project in the Annual Progress and Financial Reports. The Executive Committee also decided to review the

effectiveness of the present decision at its first meeting in 2015. (decision 66/16, sub-paragraphs (b)(i), (b)(iii), (b)(iv), (b)(v) and (c)).

(ii) ODS disposal demonstration projects not submitted to the 66th Meeting

47. The 66th meeting considered the issue of project preparation funding for ODS disposal demonstration projects for several low-volume-consuming countries, some of which had not been submitted to the meeting, and some of which had been submitted but then deferred due to inconsistencies with decision 58/19. The Executive Committee decided that those ODS disposal projects for low-volume-consuming countries for which project preparation funding had been already approved at previous meetings could be submitted. The Executive Committee also decided not to approve the resubmission of the project preparation requests for pilot ODS disposal projects for low-volume-consuming countries in South America (decision 66/18).

(iii) Multilateral Fund Climate Impact Indicator (MCII)

48. The 66th meeting took up the issue of the Multilateral Fund Climate Impact Indicator (MCII) but due to lack of time decided to defer further consideration of the report until its 67th meeting (decision 66/53).

(iv) Distribution of confidential documents

49. The 66th meeting took up a proposal that the Fund Secretariat provide any identified technical information or Executive Committee document to any designated individual identified to be on the delegation of the Executive Committee member making the request. It was also proposed that the Fund Secretariat upload onto the Multilateral Fund website all documents to be considered at a Meeting of the Executive Committee unless requested not to do so by the Executive Committee. Due to an absence of time to fully discuss the issue, the Executive Committee decided to defer further consideration until its 67th Meeting and requested the Fund Secretariat to review the current practice and relevant decisions and propose measures to ensure the secure and timely distribution of confidential material to designated members of the Executive Committee (decision 66/55).

H. FUND SECRETARIAT ACTIVITIES

50. During the period under review, the Fund Secretariat had taken action pursuant to the decisions taken by the Executive Committee at its 66th [and 67th] meetings. It had also prepared documentation and provided conference services for the 66th [and 67th] meetings. Proposals for projects and activities from implementing agencies and bilateral partners had been submitted amounting to US \$[to be completed]. In addition to the documents customarily prepared for Executive Committee meetings, the Secretariat had also prepared documents, inter alia, on the policy matters referred to above.

51. The Secretariat had analysed and reviewed 66 funding requests and provided comments and recommendations for the Executive Committee's consideration. The requested level of funding, following project review, for approval at the 66th meeting amounted to US \$40,063,547.

I. MATTERS RELATING TO THE MEETING OF THE PARTIES

52. In response to decision XVI/36 of the Sixteenth Meeting of the Parties, requesting the Executive Committee to include a component in its annual report on the progress made and the issues encountered in its consideration of the recommendations contained in the executive summary of the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, the Executive Committee has annexed hereto its progress report to the Twenty-fourth Meeting of the Parties (Annex II).

53. Annex III contains a table showing the amount of HCFC-141b consumption phased in through projects using HCFCs as a replacement. This is in response to Executive Committee decision 36/56(e), which states, inter alia “That the annual Executive Committee report to the Meeting of the Parties should state by country the amount of HCFC-141b consumption phased in through projects using HCFC as replacement, a consumption which would – in application of decision 27/13 – be excluded from funding at future stages”.

J. REPORTS OF THE EXECUTIVE COMMITTEE

54. The reports of the 66th meeting (UNEP/OzL.Pro/ExCom/66/54) and the 67th meeting (to be completed) and their meeting summaries have been distributed to all Parties to the Montreal Protocol. The reports of those meetings and previous Executive Committee meetings are available from the Fund Secretariat on request or can be accessed at the web site of the Fund Secretariat (www.multilateralfund.org).

Annex I

TABLES WITH DATA ON PROJECT APPROVALS

Table 1: Sectoral distribution of phase-out in all approved projects and activities since inception*

Sector	ODP approved	ODP phased out
Consumption		
Aerosol	27,808	26,809
Destruction	45	-
Foam	68,868	65,712
Fumigant	7,948	6,618
Halon	39,380	46,423
Multi-sector	670	455
Other	1,530	1,574
Process agent	19,573	6,090
Phase-out plan	45,588	43,482
Refrigeration	53,560	50,389
Several	753	714
Solvent	7,313	7,318
Sterilant	55	60
Total Consumption	273,089	255,643
Production		
CFC	87,251	85,297
Halon	31,581	43,158
CTC	65,841	63,032
TCA	213	213
MBR	576	450
Total Production	185,462	192,150

* Excluding cancelled and transferred projects

Table 2: Sectoral distribution of approved investment projects since inception*

Sector	ODP tones	US \$ approved
Aerosol	27,650	89,925,372
Destruction	0	0
Foam	68,744	419,827,893
Fumigant	7,635	107,558,056
Halon	64,118	77,795,380
Multi-sector	670	2,568,987
Other	1,530	17,023,270
Process agent	71,508	129,528,752
Phase-out plan	56,111	467,605,091
Production	91,940	346,994,995
Refrigeration	45,309	485,901,399
Solvent	7,276	102,881,070
Sterilant	55	1,198,819
Total	442,545	2,248,809,085

* Excluding cancelled and transferred projects

Table 3: HPMPs approved during the reporting period

Country	Project	To be implemented by	Total phase-out ODP tonnes	Funding approved in principle (US \$)		
				Project funds	Support costs	Total
Algeria	HPMP	UNIDO	14.48	1,993,331	152,731	2,146,062
Antigua and Barbuda	HPMP	UNEP	0.03	51,700	6,721	58,421
Argentina	HPMP	IBRD	83.53	914,612	68,596	983,208
		UNIDO		9,560,542	717,041	10,277,583
		Italy		300,000	39,000	339,000
Bosnia and Herzegovina	HPMP	UNIDO	6.58	953,284	71,496	1,024,780
Brunei Darussalam	HPMP	UNDP	2.14	132,000	11,880	143,880
		UNEP		183,000	23,790	206,790
Cote d'Ivoire	HPMP	UNEP	22.33	905,740	109,631	1,015,371
		UNIDO		920,000	69,000	989,000
Djibouti	HPMP	UNEP	0.24	164,500	21,385	185,885
Guinea	HPMP	UNIDO	7.91	320,000	24,000	344,000
		UNEP		327,000	42,510	369,510
India	HPMP	Germany	341.77	1,994,400	229,384	2,223,784
		UNDP		18,438,490	1,382,887	19,821,377
		UNEP		861,600	104,776	966,376
Kenya	HPMP	France	11.00	900,000	109,000	1,009,000
Kuwait	HPMP	UNIDO	239.15	8,861,677	664,626	9,526,303
		UNEP		1,043,000	124,730	1,167,730
Mozambique	HPMP	UNEP	2.27	165,000	21,450	186,450
		UNIDO		150,000	13,500	163,500
Nepal	HPMP	UNDP	0.64	84,000	7,560	91,560
		UNEP		126,000	16,380	142,380
Nicaragua	HPMP	UNEP	2.69	108,000	14,040	122,040
		UNIDO		222,000	19,980	241,980
Niger	HPMP	UNEP	5.60	275,000	35,750	310,750
		UNIDO		285,000	21,375	306,375
Sudan	HPMP	UNIDO	16.15	1,456,341	109,226	1,565,567

Annex II

ASSESSMENT REPORT ON THE RECOMMENDATIONS IN THE 2004 EVALUATION AND REVIEW OF THE FINANCIAL MECHANISM OF THE MONTREAL PROTOCOL

A. Introduction

1. This report is submitted by the Executive Committee pursuant to the following decision of the Meeting of the Parties:

- (a) “To request the Executive Committee of the Multilateral Fund, within its mandate, to consider the report on the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, with a view to adopting its recommendations, whenever possible, in the process of continuous improvement of the management of the Multilateral Fund, and having in mind the need to contribute to the assessment of the Technology and Economic Assessment Panel of the 2006-2008 replenishment of the Multilateral Fund;
- (b) To request the Executive Committee regularly to report back to and seek guidance from the Parties on the subject. To this effect, the Executive Committee shall submit a preliminary assessment to the Open-ended Working Group at its twenty-fifth meeting and include a component in its annual report to the Meeting of the Parties, on progress made and issues encountered in its consideration of the recommended actions contained in the executive summary of the evaluation report.”

(Decision XVI/36)

2. A first report on the recommendations from the 2004 evaluation and review of the financial mechanism of the Montreal Protocol was prepared by the Secretariat for consideration by the Executive Committee at the 45th Meeting, as a follow-up to decision 44/60 (document UNEP/OzL.Pro/ExCom/45/51). The report was noted and the Executive Committee decided to “forward its assessment report on the recommendations in the 2004 evaluation and review of the financial mechanism of the Montreal Protocol for consideration at the 25th Meeting of the Open-ended Working Group” (decision 45/59).

3. The assessment report (document UNEP/OzL.Pro.WG.1/25/INF/3), based on the deliberations at the 45th Meeting, grouped the 28 recommendations contained in the 2004 evaluation and review of the financial mechanism of the Montreal Protocol into three categories, as follows.

Category I:

“...11 general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer and do not need any new action, but instead require regular follow-up at meetings of the Committee. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report”. These include: recommendations 2, 6, 7, 15, 16, 18, 21, 22, 24, 25 and 28.

Category II:

“Ten general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer but may require new actions in the

short term. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report". These include recommendations: 1, 3, 4, 9, 11, 12, 17, 20, 23 and 26.

Category III:

"Seven general recommendations were considered not necessary to be implemented. Six because future action would be redundant in the light of recent developments or existing practices. One because of the potential negative incentive. The Executive Committee considers that there is no need for further reporting on these recommendations". These include recommendations 5, 8, 10, 13, 14, 19 and 27.

4. The following report therefore covers the recommendations falling under the first two categories where further work needed to be done and new information was available. As reported to the Eighteenth and Twentieth Meeting of the Parties, efforts with respect to recommendations 1, 2, 3, 4, 6, 7, 9, 11, 12, 16, 17, 18, 21, 22, 23, 25, and 28 have taken place on a regular basis as already reported in the past and no further action in addition to the existing practice of the Executive Committee is required. Under this reporting period, the recommendations 15 and 26 do not require further action by the Committee.

B. Recommendations under the first two categories

GENERAL RECOMMENDATION 24: Take action to encourage timely payment by the donor countries.

5. During the period under review, the Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and concern was expressed regarding arrears in contributions and the length of time that these had existed.

6. The 66th Meeting heard a report from the Chief Officer on her meeting with the representatives of the Russian Federation on the margins of the 23rd Meeting of the Parties (MOP) to the Montreal Protocol to discuss the outstanding contributions of the Russian Federation.

Annex III
AMOUNTS OF HCFCs¹ CONSUMPTION PHASED-IN (ODP TONNES)

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Algeria	54.8	6.0
Argentina	749.9	82.5
Bahrain	15.5	1.7
Bolivia	5.5	0.6
Bosnia and Herzegovina	29.4	3.2
Brazil	4,904.8	536.6
Chile	238.8	22.5
China	10,162.6	855.7
Colombia	652.8	71.8
Costa Rica	33.5	3.7
Cuba	0.8	0.1
Dominican Republic	137.0	15.1
Egypt	489.4	42.4
El Salvador	18.5	2.0
Guatemala	46.0	5.1
India	4,546.9	486.1
Indonesia	2,722.7	292.3
Iran	1,022.6	112.5
Jordan	334.3	36.8
Kenya	23.0	2.5
Lebanon	82.0	9.0
Libya	62.2	6.8
Macedonia, FYR	76.0	8.4
Malaysia	1,240.9	132.9
Mauritius	4.3	0.5
Mexico	2,129.2	216.4
Morocco	119.5	13.1
Nicaragua	8.1	0.9
Nigeria	382.6	42.1
Pakistan	790.7	87.0
Panama	14.6	1.6
Paraguay	67.3	7.4
Peru	148.7	16.4
Philippines	525.3	57.8
Romania	194.4	21.4
Serbia	44.7	4.9
Sri Lanka	7.3	0.8
Sudan	4.4	0.5
Syria	636.1	70.0
Thailand	2,047.2	224.0
Tunisia	237.5	22.9
Turkey	376.8	41.4
Uruguay	99.3	10.9
Venezuela	689.1	75.8
Vietnam	44.9	4.9
Yemen	9.8	1.1
Zimbabwe	11.5	1.3
Total	36,243.3	3,659.2

Note 1: ODP values as follows:

HCFC-123: 0.02
 HCFC-22: 0.055
 HCFC-141b: 0.11
