



MULTILATERAL FUND

FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Post Meeting Summary of Decisions of the 67th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 67th Meeting of the Executive Committee, which took place in Bangkok, Thailand, from 16 to 20 July 2012, was attended by the representatives of 13 of the Executive Committee member Parties and by participants co-opted from 21 other countries (see attached list). Mr. Xiao Xuezhi of China presided over his second meeting as Chair of the Executive Committee in 2012. The Executive Secretary and Deputy Executive Secretary with two other senior staff of the Ozone Secretariat, representatives of the implementing agencies, the Treasurer, the President and Vice-President of the Implementation Committee, the Co-chair of the Technology and Economic Assessment Panel (TEAP), and representatives from the Alliance for Responsible Atmospheric Policy and the Environmental Investigation Agency also attended the meeting.

At this meeting, the Executive Committee considered items related to the customary programme of work for the second meeting including consideration of the 2011 progress reports of the bilateral and implementing agencies, the evaluation of the 2011 business plans and the provisional accounts of the Multilateral Fund. The Committee also considered a new document “Status reports and compliance” that, from the 67th onwards, replaces the document and agenda item previously entitled “Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol”. In addition the Committee addressed options for the administrative cost regime for implementing agencies for the 2012-2014 triennium, which had been discussed at both the 65th and 66th meetings, activities related to the monitoring and evaluation work programme, the updated model three-year rolling phase-out plan and the Multilateral Fund climate impact indicator (MCII). A number of projects were considered including five HCFC phase-out management plans (HPMPs), HPMP tranche requests for three countries, 22 institutional strengthening projects and pilot ODS demonstration projects for two countries. The Sub-group on the Production Sector considered the Final Technical Audit Report prepared by the consultant and the HCFC production phase-out management plan (HPPMP) for China in the margins of the meeting.

The Committee approved funding of US \$9.75 million plus US \$0.82 million in support costs for bilateral/implementing agencies for projects and activities in 31 countries. The most significant of the 38 decisions taken at the meeting are summarized below.

Outstanding contributions to the Multilateral Fund (decision 67/1)

The Executive Committee noted with appreciation the intent of Government of the Russian Federation to start payments to the Multilateral Fund from 2013 with the understanding that future contributions of the Russian Federation would not be associated with the outstanding pledges for prior years, and that the administrative process within the Government of the Russian Federation would be completed in due time to ensure that the payment of the 2013 contribution could be made. The Chair of the Executive Committee would write to the Government of the Russian Federation welcoming its future contributions and future engagement in the Multilateral Fund. The Committee also requested the Treasurer to maintain the outstanding contributions of the Russian Federation in the outstanding

contributions category of the accounts of the Fund.

Status of contributions and disbursements (decision 67/2)

The balance of the Fund stood at US \$42,760,031, of which US \$19,512,082 was in cash and US \$23,247,949 in promissory notes. The Executive Committee noted the feedback received from the Government of Germany pursuant to decision 66/3(b) on the proposed accelerated encashment schedule of promissory notes to the effect that it would not be possible to accelerate encashment of such notes during the current replenishment period and that the German Parliament's approval would be required to accelerate the encashment of promissory notes during the next replenishment period. It was also noted that the encashment schedule for Germany's promissory notes for the 2012-2014 triennium went beyond the replenishment period and that some of the notes would be due for encashment between 2015 and 2017. The Executive Committee requested the Government of Germany to pursue with the relevant authorities the issue of encashment of Germany's promissory notes within the next replenishment period, and to inform the Executive Committee accordingly at its first meeting in 2014. The Executive Committee also urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible.

Status of resources and planning

Report on balances and availability of resources (decision 67/3)

Bilateral and implementing agencies returned US \$2,100,745 to the Multilateral Fund. The Executive Committee requested the Treasurer to follow up with the Government of Sweden its return of a total of US \$114,046 in cash to the Fund and implementing agencies with projects completed in 2005, 2006 and 2007 to return the balances as soon as possible.

2012-2014 business plans and tranche submission delays (decision 67/4)

The Executive Committee noted the report on the status of the 2012-2014 business plans and tranche submission delays, that Germany's business plan was revised to be within Germany's allocation for bilateral activities for the 2012-2014 triennium, and that seven out of 18 tranches of multi-year projects due for submission had been submitted on time to the 67th meeting. The Executive Committee encouraged implementing agencies to submit requests to enable funding for all remaining eligible countries that had not yet received funding for stage I HCFC phase-out activities during the current triennium taking into account their business plan allocations and requested the Fund Secretariat to send letters to the Governments of Brazil, Chile, the Islamic Republic of Iran, Mexico and Saint Lucia urging the submission of the second tranches of their HPMPs to the 68th meeting.

Status reports and compliance (decision 67/5)

The Executive Committee considered the document on status reports and compliance. The Executive Committee noted that 47 country programme (CP) implementation reports for the year 2011 had been submitted through the web-based system. The Committee urged 10 countries that had not yet submitted 2011 CP data to do so before the 68th meeting. With regard to project status reports the Committee noted the significant reduction in reporting to date, resulting from the decision 66/16 on streamlining, which had led to the elimination of 81 tranche implementation plan reports for 81 non-HCFC multi-year agreements (MYAs), and 96 tranche implementation plan reports for HPMPs in 62 countries, some involving tranches from multiple agencies.

The Executive Committee also noted with appreciation the assessment report¹ by UNDP regarding an HCFC demonstration project related HFO-1234ze as a blowing agent in the manufacture of extruded polystyrene foam boardstock and requested bilateral and implementing agencies to share the report on HFO-1234ze, together with information on other alternatives, when assisting Article 5 countries in preparing projects for the phase-out of HCFC-142b/HCFC-22 in extruded polystyrene foam applications. With respect to resource mobilization for climate co-benefits, the Committee noted the interim reports on resource mobilization for climate co-benefits submitted by UNDP and UNIDO and urged them to submit final reports on those projects by the 69th meeting.

Updated model rolling three-year phase-out plan: 2013-2015 (decision 67/6)

The Executive Committee noted the 2013-2015 model rolling three-year phase-out plan contained in document UNEP/OzL.Pro/ExCom/67/7, which had been prepared in line with decision 62/5 as the HCFC baseline was now established. The Committee urged bilateral and implementing agencies to work with those Article 5 countries that did not yet have an approved HPMP to complete the preparation of their HPMPs and to submit them for the Executive Committee's consideration. The Secretariat was requested to assess the HCFC compliance requirements for all Article 5 countries in the document "status reports and compliance" to serve as a guide for preparation of the Multilateral Fund's business plan.

Programme implementation

Monitoring and Evaluation (decision 67/7)

The Executive Committee noted the terms of reference for the evaluation of the multi-year agreement projects (second phase) presented in documents UNEP/OzL.Pro/ExCom/67/8 and Add.1 (decision 67/7). The Committee also noted the information provided in the desk study for evaluation of metered-dose inhaler projects as presented in documents UNEP/OzL.Pro/ExCom/67/9 and Add.1, including the proposed evaluation issues for the second phase of the evaluation.

Consolidated progress report and 2011 Progress reports of bilateral and implementing agencies (decisions 67/8 - 67/13)

The Executive Committee noted the consolidated progress report with appreciation of the implementing agencies' efforts to address decision 66/16(d) in the limited time available to them. The Committee recommended that countries expedite the completion of seven individual CFC phase-out projects in five countries that had planned post-2012 completion dates. Bilateral and/or implementing agencies were requested to submit outstanding project completion reports (PCRs) for MYAs completed more than six months previously as soon as possible and encouraged to submit PCRs for stage I of HPMPs prior to the submission of the second tranche of stage II of HPMPs. The amount of funds from the balances for CFC activities used for HCFC activities should be identified in PCRs (decision 67/8).

Evaluation of the implementation of the 2011 business plans (decision 67/14)

The Executive Committee noted the implementing agencies' performance, as assessed against targets in their 2011 business plans. Regarding the qualitative assessment of agencies based on input received from national ozone unit (NOU) officers, the Committee requested relevant agencies to hold discussions with those countries where their respective services had been perceived to be "less than

¹ HFO-1234ze as a blowing agent in the manufacture of extruded polystyrene foam boardstock: An assessment for the application in MLF projects (Attachment to document UNEP/OzL.Pro/ExCom/67/6)

satisfactory” or “unsatisfactory” and to report to the 68th meeting on the results of its consultations with the country.

Options for an administrative cost regime for the 2012-2014 triennium (decisions 67/15)

The Executive Committee decided to continue to apply the existing administrative cost regime to UNEP and the bilateral agencies during the 2012–2014 triennium and to apply a new administrative cost regime to UNDP, UNIDO and the World Bank, consisting of annual core unit funding for which an annual increase of up to 0.7 per cent could be considered subject to annual review. The following agency fees would be applied on the basis of funding per agency: an agency fee of 7 per cent for projects with a project cost above US \$250,000, as well as institutional strengthening projects and project preparation; an agency fee of 9 per cent for projects with a project cost at or below US \$250,000; an agency fee no greater than 6.5 per cent, to be determined on a case-by-case basis for projects in the production sector. The Committee decided to review the administrative cost regime and its core unit funding budget at the 74th meeting (the last meeting of the 2012–2014 triennium).

Project proposals

Maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector (decision 67/16)

The Executive Committee resumed consideration of the issue maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector, which had been discussed previously at the 66th meeting (decision 66/20). A contact group, set up to discuss the issue, prepared a revised draft recommendation and the Executive Committee decided to invite the Executive Committee members to submit written comments on the revised proposal. The Fund Secretariat would compile the comments received and submit them, together with the revised proposal, at the 68th meeting.

Endorsement by Governments (decision 67/17)

The Executive Committee requested the Fund Secretariat to prepare a document for the 68th meeting which outlined the procedures currently in force for the submission of project proposals from bilateral and implementing agencies on behalf of governments.

Project approvals (decisions 67/18 to 67/30)

The Committee approved funding of US \$9.75 million plus US \$0.82 million in support costs for bilateral/implementing agencies for projects and activities in 31 countries.

HCFC phase-out management plans

Stage I HPMPs were approved for 4 countries including 3 low-volume-consuming (LVC) countries (Eritrea, Somalia and the United Republic of Tanzania) and one non-LVC country (South Africa). The Executive Committee approved Agreements for stage I of the HPMPs for the aforementioned countries together with total funding, in principle, at the amount of US \$7,743,940 including support cost for the implementation of stage I; a total of US \$ 2,488,940 including support costs was approved for the first tranches of the 4 HPMPs. With the approval of these 4 HPMPs, a total of 126 Article 5 countries now have approved Stage I HPMPs.

The Committee also approved funding of US \$984,116 (including support costs) for the second tranches of Stage I HPMPs for Ghana (decision 67/25) and the Bolivarian Republic of Venezuela (decision 67/18) and US \$317,077 (including support costs) and for the third tranches of the Stage I

HPMP for The Former Yugoslav Republic of Macedonia (decision 67/26). The Committee approved updated agreements for Ghana, The Former Yugoslav Republic of Macedonia and the Bolivarian Republic of Venezuela to reflect the countries' established HCFC baselines for compliance since the previous agreements had been approved prior to the establishment of the HCFC baseline for compliance.

The updated Agreement for the Stage I HPMP for China was approved with no funding implication (decision 67/20) to reflect its now established HCFC baseline for compliance and a change in the role of the Government of Germany as a bilateral agency.

Other investment projects and work programme activities

In addition to the HCFC phase-out activities above the Committee also approved funding for the seventh tranche of the methyl bromide phase-out plan in China (US \$537,500 including support costs) and funding for institutional strengthening support for 22 countries at a total amount of \$1,994,474 including support costs. The Committee also approved US \$953,868 including support costs for the second and final tranche under the accelerated CFC production sector phase-out plan in India (decision 67/22).

The Executive Committee approved a pilot ODS waste management and disposal project to destroy a total of 192 metric tonnes of ODS waste in China at a total amount of US \$2,322,837 including support costs (decisions 67/23). The project was approved on the understanding that no further funds would be available for China for any ODS disposal projects in future in the absence of a new relevant decision of the Meeting of the Parties. A pilot ODS waste management and disposal project to destroy a total of 84 metric tonnes of ODS waste was also approved for Nigeria at the amount of US \$975,545 including support costs (decision 67/24). The Government of Nigeria committed to use any income from the marketing of greenhouse gas (GHG) emission reductions generated by or associated with the project for the establishment of an appliance replacement programme in the country to sustain the waste ODS recovery and collection system and any marketing of GHG emission reductions generated by or associated with the project would be subject to a decision by the Executive Committee. The Executive Committee also requested the Government of Nigeria, through UNIDO, to establish a monitoring system for the operation of and the activities associated with, the ODS disposal demonstration project. UNIDO would report to the Executive Committee at the completion of the project in 2014, ensuring that no marketing of GHG emission reductions had taken place.

HPMPs to be considered at future meetings (decision 67/31)

The Executive Committee considered a revised foam sector component for the HPMP for Thailand that had been submitted subsequent to the 66th meeting. The Committee noted that the contact group, which discussed the HPMP for Thailand in the margins of the meeting, had been prepared to recommend approval of the foam sector component of the HPMP addressing 16 per cent of the baseline consumption of Thailand and to consider the air-conditioning sector component, which had not been submitted for consideration at the 67th meeting, at the 68th meeting. The Executive Committee noted that following a review of the proposal by the Secretariat, the Government of Thailand had preferred that the HPMP be considered as a whole at the 68th meeting. The Committee went on to note with appreciation, the efforts of the Government of Thailand to address some comments and concerns relating to the HPMP raised by members of the Executive Committee at its 66th meeting and looked forward to the submission of a revised HPMP.

Projects submitted but withdrawn

The Government of India had asked that the submission of a work plan covering the funds remaining

in the CTC phase-out plan in India be withdrawn from the 67th meeting. The Executive Committee requested the World Bank to submit a work plan covering the funds remaining in the CTC phase-out plan in India to the 68th meeting of the Executive Committee (decision 67/21).

Multilateral fund climate impact indicator (decision 67/32)

The Executive Committee noted the report on the experience gained in implementing the Multilateral Fund Climate Impact Indicator (MCII) and requested the Secretariat to finalize the development of the MCII for the different sectors as outlined in document UNEP/OzL.Pro/ExCom/67/34 and in light of the comments received prior to and during the 67th meeting of the Executive Committee. The Secretariat was requested to present a fully-developed version of the MCII to the Executive Committee no later than its 69th meeting, and to propose options for its further implementation. The Secretariat would inform the Executive Committee of the progress made and experience gained in applying the MCII to project submissions no later than the 70th meeting of the Executive Committee.

Provisional 2011 accounts (decision 67/33)

The Executive Committee noted the Multilateral Fund's provisional 2011 provisional accounts, and that the 2011 final accounts would be submitted to the 68th meeting and include further adjustments if required. The Committee also noted the actions taken by the Treasurer in 2011 to reflect the adjustments resulting from the reconciliation of the 2010 accounts exercise and requested the Secretariat to bring to the attention of the Executive Committee elements of the 2010-2011 audit of UNEP's accounts by the United Nations Board of Auditors of relevance to the Multilateral Fund.

Distribution of confidential documents (decision 67/34)

The Executive Committee decided to apply, with regard to the review of confidential documents by the Executive Committee, the procedure set out in Part III of the "Guidelines for the financing of projects using technology that is not in the public domain" (Annex XIV to document UNEP/OzL.Pro/ExCom/38/70/Rev.1), as approved by the Executive Committee in decision 38/63, and other decisions taken by the Executive Committee related to the handling of confidential documents and information. The Secretariat would maintain a list of confidential documents issued from the 53rd meeting onwards and post the list on the Multilateral Fund intranet, updating it as necessary at each meeting of the Executive Committee.

Draft report of the Executive Committee to the Twenty-fourth Meeting of the Parties to the Montreal Protocol (decision 67/35)

The Executive Committee authorized the Secretariat to finalize the Draft report of the Executive Committee to the Twenty-fourth Meeting of the Parties to the Montreal Protocol (document UNEP/OzL.Pro/ExCom/67/37) in the light of the decisions taken at its 67th meeting and to introduce any changes deemed necessary.

Production sector (decision 67/36)

Following the report of the Production Sector Sub-group², which met in the margins of the 67th meeting, the Executive Committee requested the Fund Secretariat to undertake new analyses related to information needs identified during the meeting of the Sub-group for submission to its

² 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.

68th meeting and further requested the World Bank to provide the outstanding information noted in the report of the Fund Secretariat on HCFC production phase-out management plan (HPPMP) for China (Stage I) (UNEP/OzL.Pro/ExCom/67/SGP/3) to its 68th meeting. The Executive Committee noted the urgency and challenges facing the Government of China and its industry to meet the 2013 and 2015 Montreal Protocol HCFC control targets in the production sector. The Production Sector Sub-group would hold intersessional consultations in the margins of and/or before or after the Twenty-fourth Meeting of the Parties with a view to facilitating discussions at the 68th meeting and the Executive Committee confirmed its commitment to consider the HPPMP for China at its 68th meeting with the aim of reaching agreement thereon.

Other matters

Role of the Executive Committee in the administrative process relating to the selection of the Chief Officer (decision 67/37)

The Executive Committee requested the Secretariat to update the documentation relating to the recruitment process for the position of Chief Officer of the Multilateral Fund Secretariat due to the retirement in 2013 of the incumbent of the post and to provide it to the Executive Committee for consideration at its 68th meeting. The Secretariat would make the necessary arrangements for the Executive Committee to undertake its usual recruitment procedure in relation to the position of Chief Officer of the Multilateral Fund Secretariat.

Presentation of a regional ODS destruction project in Africa (decision 67/38)

Following its consideration of an information paper containing a project concept for a strategy for the disposal and destruction of ODS in six low-volume-consuming countries in the Central African region (UNEP/OzL.Pro/ExCom/67/Inf.2) submitted by UNIDO, the Executive Committee decided to allow UNIDO, on an exceptional basis and without setting a precedent for any further submissions, to submit a full proposal for a technical assistance project for the environmentally sound management of ODS waste for six countries in the Central African region at a level not exceeding US \$100,000, for consideration by the Executive Committee at its 68th meeting. The Committee recognized that this technical assistance project would not fall within the Executive Committee guidelines for ODS disposal projects (decision 58/19) and was allowed only in line with decision 66/25, by which a project for Africa had been agreed for submission. No further projects of a similar nature for ODS disposal could be considered by the Executive Committee in future in line with decision 64/17.

Paper submitted to the Global Environment Facility (GEF) Council “Concept paper: GEF-5 Ozone, Climate and Chemicals Program” (GEF/C.42/09)

With regard to document GEF/C.42/09 submitted to the GEF Council, the Chair noted that there had been cooperation between the Multilateral Fund and the GEF since 1992 and asked that the Executive Committee members’ comments be noted. One member suggested that it would be interesting to have internal discussions on carbon credits, while another expressed strong reservations on the paper, wondering why the GEF was involved in ozone-related matters, pointing out that addressing chemicals was a complex issue for which four other conventions already existed.

Report of the 67th meeting

A complete record of all decisions made at the 67th meeting, including those covered in this document, can be found in the “Report of the Sixty-seventh Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/67/39) which is published on the Multilateral Fund’s website (www.multilateralfund.org). The report is

available in Arabic, Chinese, English, French, and Spanish.

68th meeting of the Executive Committee

The 68th meeting will be held from 3 to 7 December 2012 in Montreal, Canada.

Annex I - Attendance at the 67th Meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Belgium	Netherlands
Canada	Australia
Finland	Sweden
Japan	
United Kingdom of Great Britain and Northern Ireland (Vice Chair)	France , Germany and Italy
United States of America	
Article 5	
Argentina	Brazil, Colombia and Uruguay
China (Chair)	Bangladesh, Indonesia and Malaysia
Cuba	Mexico
India	Bahrain and Yemen
Jordan	Lebanon and Kuwait
Kenya	Mauritius and Uganda
Mali	Comoros and Democratic Republic of the Congo