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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-first Meeting
Montreal, 2-6 December 2013

ANNOTATED PROVISIONAL AGENDA

1. Opening of the meeting

Opening remarks by the Chairperson of the Executive Committee.

2. Organizational matters:

(a) Adoption of the agenda

Document UNEP/OzL.Pro/ExCom/71/1 contains the provisional agenda for the 71st meeting of the Executive Committee.

Issues to be addressed: None

Action expected from the Executive Committee: The Executive Committee may wish to adopt the agenda of the meeting on the basis of the provisional agenda contained in document UNEP/OzL.Pro/ExCom/71/1 and as amended verbally at the plenary.

(b) Organization of work

The Chairperson will propose to the plenary the organization of work.

3. Secretariat activities

Document UNEP/OzL.Pro/ExCom/71/2 presents a report on the activities of the Secretariat since the 70th meeting of the Executive Committee.

Issues to be addressed: None

Action expected from the Executive Committee: The Executive Committee may wish to take note of the Secretariat activities contained in document UNEP/OzL.Pro/ExCom/71/2.

4. Status of contributions and disbursements

UNEP/OzL.Pro/ExCom/71/3 provides information on the status of the Fund as recorded at UNEP as at 18 October 2013. At that date, the fund balance stood at US \$83,624,290. This is the net balance after taking into account all the funds approved by the Executive Committee, up to and including the 70th meeting.

Issues to be addressed:

- Categorizing the Holy See's outstanding contribution as part of the disputed contribution to the Multilateral Fund; and
- Interest accrued from funds transferred by the implementing agencies (IAs) to the Government of China.

Action expected from the Executive Committee: The Executive Committee may wish:

- (a) To note the report of the Treasurer on the status of contributions and disbursements and the information on promissory notes as contained in document UNEP/OzL.Pro/ExCom/71/3;
- (b) To urge all Parties to pay their contributions to the Multilateral Fund in full and as early as possible;
- (c) To consider categorizing the Holy See's outstanding contribution as part of the disputed contribution to the Multilateral Fund; and
- (d) To note that the interest amount reported in the document on the Status of Contributions and Disbursements excludes interest earned on the balances from funds transfers from the implementing agencies to the Government of China and that an update on interest accrued will be provided to the 71st meeting.

5. Status of resources and planning

(a) Report on balances and availability of resources

Document UNEP/OzL.Pro/ExCom/71/4 presents a summary of financial adjustments indicated by the bilateral and IAs as agreed by the Secretariat. It includes statistical data, as required by decisions 28/7 and 56/2(c), from projects for bilateral and IAs with balances that have been held for over the allowable 12-month period following completion of the project. The document also indicates the level of resources available to the 71st meeting.

Issue to be addressed:

- Insufficient resources available for approvals at the 71st meeting to cover project submission and the Secretariat's and Senior Monitoring and Evaluation's budgets; and
- Un-obligated balances to be returned by UNEP.

Action expected from the Executive Committee: The Executive Committee may wish:

- (a) To note:
- (i) The report on balances and availability of resources contained in document UNEP/OzL.Pro/ExCom/71/4;
 - (ii) That the net level of funds being returned by the implementing agencies to the 71st meeting was US \$3,918,245 against projects, which included the return of US \$28,343 from UNDP, US \$583,568 from UNEP, US \$48,717 from UNIDO and US \$3,257,617 from the World Bank;
 - (iii) That the net level of support costs being returned by the implementing agencies to the 71st meeting was US \$318,818 against projects, which included the return of US \$2,380 from UNDP, US \$53,981 from UNEP, US \$3,655 from UNIDO and US \$258,802 from the World Bank;
 - (iv) That implementing agencies had balances totalling US \$566,914, excluding support costs, from projects completed over two years previously, which included US \$94,141 for UNDP, US \$273,027 for UNEP and US \$199,746 for UNIDO;
 - (v) For projects with balances completed over two years previously that UNDP had already alerted its country offices to financially close these projects; that UNEP would return funds for 16 of 21 projects not related to HCFCs or methyl bromide at the 72nd meeting; and that UNIDO would return balances by the 72nd meeting for three projects: China (CPR/PRO/47/INV/436), Pakistan (PAK/REF/59/PRP/74) and Saudi Arabia (SAU/FOA/60/PRP/07);
 - (vi) That the Government of Japan had balances totalling US \$335, excluding support costs, for one project completed over two years previously;
 - (vii) That the Government of France's balances for two completed projects over two years previously not returned to the Fund, totaling US \$308,920, excluding support costs, would be offset against future bilateral projects;
 - (viii) That the net level of funds and support costs being returned by the bilateral agencies to the 71st meeting is US \$6,444, which included the return of US \$3,260 from the Government of Czech Republic, US \$2,992 from the Government of Japan, and US \$192 from the Government of Portugal; and to request the Treasurer to follow-up with the respective Governments on the cash transfer to the Fund;
 - (ix) That there are insufficient resources available for approvals at the 71st meeting to cover project submission to the 71st meeting, the Secretariat's as well as the Senior Monitoring and Evaluation's budgets; and
- (b) To request:
- (i) Implementing agencies with projects completed over two years previously to return the balances as soon as possible; and
 - (ii) UNEP to return all un-obligated balances to the 72nd meeting.

(b) 2013-2015 business plans and tranche submission delays

Document UNEP/OzL.Pro/ExCom/71/5 considers business planning in light of approvals at the 69th and 70th meetings and the submissions to the 71st meeting, and allocations in the 2013-2015 business plans. Firstly, it addresses decisions taken at the 69th meeting with respect to the 2013-2015 business plans, and presents the value of activities that were not submitted in 2013 but were included in the 2013 business plans, and identifies projects required for compliance. It also assesses the forward commitments approved to-date as no new forward commitments are requested at this meeting, and concludes with observations and recommendations. This document also includes information on submission delays, namely the submission of tranches that were due at the 71st meeting and presents observations and recommendations for consideration by the Executive Committee.

Issues to be addressed:

- Approvals at the 69th and the 70th meetings exceeded the 2013 allocations for them in the business plan by US \$7.9 and US \$1.3 million, respectively, but were below their 2013-2015 allocations by US \$43 million;
- Requests submitted to the 71st meeting are slightly below their business plan allocation by US \$116,469 in 2013, but are substantially below the business plan allocations for the period 2013-2015 by US \$13.8 million;
- There are US \$22.9 million in business plan activities that were not submitted in 2013 including US \$1.3 million in activities not required for compliance;
- There are a total of US \$461 million in forward commitments from 2013-2031 including US \$41.8 million that have already been approved in 2013 for agreements;
- Seventeen out of 66 tranches of multi-year agreements (MYAs) were not submitted on time to the 71st meeting, mostly due to the inability to meet the 20 per cent threshold of disbursement;
- None of these delayed submissions are expected to have an impact on compliance except in the Central African Republic where the delays were due to the political situation in the country; and
- Delays were due to the need to establish accounts and complete terms of reference for equipment as well as difficulties in obtaining travel formalities.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting:
- (i) The report on the 2013-2015 business plans and tranche submission delays as contained in document UNEP/OzL.Pro/ExCom/71/5;
 - (ii) The information on tranche submission delays under multi-year agreements (MYAs) submitted to the Secretariat by UNDP, UNEP, UNIDO and the World Bank;
 - (iii) That 49 out of 66 tranches of MYAs due for submission had been submitted on time to the 71st meeting and that three of those tranches were withdrawn after discussion with the Fund Secretariat;
 - (iv) With concern, that the political situation in the Central African Republic may have a negative impact on compliance with the control measures of the Montreal Protocol;

- (v) That the other tranches that were not submitted to the 71st meeting as listed in Table 7 of document UNEP/OzL.Pro/ExCom/71/5 are not expected to have a negative impact on compliance due to the fact that latest consumption was below the baseline or import controls would ensure compliance;
- (b) Requesting:
 - (i) The bilateral and implementing agencies to address those activities not submitted in 2013 as planned, as contained in Annex I to the present document, in their 2014-2016 business plans;
 - (ii) The Secretariat:
 - a. To send letters to the Governments of the countries indicated below to urge the submission of the next tranche of the MYA, noting where this is the second meeting to which the tranche could have been submitted but had not been, as applicable: Angola, Bangladesh, Brazil, Burundi, Central African Republic (the), Equatorial Guinea, Gabon, Iraq, Jordan, Peru, and Suriname for submission to the 72nd meeting, and Qatar and Thailand for submission to the 73rd meeting, noting the reasons for delays indicated in Table 7 of document UNEP/OzL.Pro/ExCom/71/5;
 - b. To send letters to the Governments of Cuba, Bolivia (Plurinational State of), and Saudi Arabia to urge the submission of the next tranches of the MYAs to the 72nd meeting, noting that the tranches had been withdrawn from consideration at the 71st meeting after discussion with the Fund Secretariat due to the countries' inability to meet the 20 per cent disbursement threshold for funding and/or insufficient progress in implementation;
 - (iii) The Government of Iraq to facilitate the establishment of the accounts and completion of the terms of reference required for the local administration of the HCFC phase-out management plan (HPMP) to enable the submission of the next tranche; and
- (c) Urging the Government of Equatorial Guinea to facilitate the travel formalities for the UNEP team to meet with the National Ozone Unit as soon as possible to enable the submission of the next tranche of the HPMP.

(c) Status reports and compliance

Documents UNEP/OzL.Pro/ExCom/71/6 and Add.1 contain the following parts: I – Status of compliance of Article 5 countries; II - Article 5 countries subject to decisions of the Parties on compliance; III - Country programmes data; IV - Projects with implementation delays and special status reports; V - Extension of Haiti institutional strengthening project (phase III); VI - Methyl bromide project in Guatemala, VII - National CFC phase-out management plan in Philippines (progress report); VIII - 2010 CTC verification report and status of CTC phase-out in process agent (phase II) applications in China; IX - Progress report on the implementation of chiller projects; X - Completion of CFC, CTC, and halon projects approved after 2009; XI - Financial Audit Report for the halon, CFC production and foam sector plans in China; XII - Resource mobilization for climate co-benefits; and XIII - HCFC demonstration projects.

Issues to be addressed:

- For Parts I – V, the need for:
 - A report on the status of the licensing system for two countries;
 - Implementation delay reports from the Governments of France, Israel and Spain;
 - Additional status reports;
 - Letters of possible cancellation for six projects;
 - The cancellation of a chiller project due to the inability to obtain the required co-financing;
 - The reinstatement of project preparation for HPMPs with remaining stage I activities;
 - An update to the 72nd meeting on the clearance of technical and financial report and the signing of the new institutional strengthening (IS) agreement for Haiti that will enable the release of funds balance;
- Part VI addresses the deviation from the MB agreement with Guatemala for the year 2012 and potential deviation for the years 2013 and 2014 and the agreement of the Government to return US \$265,300 to the Multilateral Fund from the funds approved after the 59th meeting;
- Part IX addresses the chiller demonstration projects where the Secretariat consulted with the implementing agencies and agreed completion dates and that US \$5.7 million in balances has been or will be returned;
- Part X addresses the delays in the completion for CFC, CTC and halon projects approved from 2009 and beyond for substances that have been phased out and the need to complete them to minimize reporting and the administrative costs associated with maintaining projects for which there is no remaining compliance requirement beyond their planned completion dates;
- Part XI addresses the financial audit report from China on the CFC, halon and CTC sector plans where there was a balance of US \$28,297,298 remained as at the end of 2012 of funds disbursed from the Bank but held by China to implement budgets approved over 4.5 years ago but no funds were disbursed for two sector plans, only US \$2 million was disbursed in 2012 suggesting that as funds are no longer needed that they might be returned at the end of 2014 in line with decision 70/10(c)(iii) that was taken to other CFC and halon activities no longer required for compliance that had remaining balances; and
- The audit report from China also indicated that interest of US \$1,978,838 funds as at the end of 2012 were also reported that should be offset against future approvals and reported in the Accounts of the Fund in line with decision 70/20 (c) and (d).

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting:
 - (i) The document on Status reports and compliance as contained in UNEP/OzL.Pro/ExCom/71/6;
 - (ii) That 80 of the 122 countries that provided 2012 data submitted their country programme (CP) implementation reports through the web-based system;
 - (iii) That the Secretariat and the implementing agencies would take established actions according to the Secretariat's assessments and report on implementation delays to notify governments and implementing agencies as required;

(b) Requesting:

- (i) UNEP to report on the establishment of Botswana and South Sudan's licensing systems by the 72nd meeting;
- (ii) The Governments of France, Israel and Spain to provide their implementation delay reports to the 72nd meeting of the Executive Committee;
- (iii) The submission of additional status reports to the 72nd meeting on the projects listed in Annexes VII and IX to the present document;
- (iv) The Secretariat to send letters of possible cancellation in respect of the following projects:

Agency	Code	Project title
UNIDO	IRQ/REF/57/INV/07	Replacement of refrigerant CFC-12 with isobutane and foam blowing agent CFC-11 with cyclopentane in the manufacture of domestic refrigerators and chest freezers at Light Industries Company
UNIDO	LEB/DES/61/PRP/72	Preparation for pilot demonstration project on ODS waste management and disposal
UNIDO	MOZ/FUM/60/TAS/20	Technical assistance for the elimination of controlled uses of methyl bromide in soil fumigation
UNIDO	SYR/REF/62/INV/103	Phase-out of HCFC-22 and HCFC-141b from the manufacture of unitary air-conditioning equipment and rigid polyurethane insulation panels at Al Hafez Group
UNIDO	TUN/FOA/58/PRP/50	Preparation for HCFC phase-out investment activities (polyurethane foam sector)
UNIDO	TUN/PHA/55/PRP/48	Preparation of a HCFC phase-out management plan

- (v) Project cancellation due to inability to obtain the required co-financing of the following project:

Agency	Code	Project title
UNIDO	IVC/REF/57/INV/32	ODS phase-out in 50 existing centrifugal chillers units

- (c) Reinstating at the 71st meeting, the following project preparation activities for Costa Rica, Cuba and Paraguay that had been closed in line with decision 70/7(b)(iii), in the 2014-2016 business plan of UNDP:

Country	Agency	Code	Project title
Costa Rica	UNDP	COS/PHA/55/PRP/39	Preparation of a HCFC phase-out management plan
Costa Rica	UNDP	COS/REF/57/PRP/41	Preparation for HCFC phase-out investment activities (refrigeration manufacturing sector)
Cuba	UNDP	CUB/FOA/57/PRP/41	Preparation for HCFC phase-out investment activities (foam sector)
Cuba	UNDP	CUB/PHA/56/PRP/40	Preparation of a HCFC phase-out management plan
Cuba	UNDP	CUB/REF/58/PRP/42	Preparation for HCFC phase-out investment activities (manufacturing sector)
Paraguay	UNDP	PAR/FOA/57/PRP/21	Preparation for HCFC phase-out investment activities (foam sector)
Paraguay	UNDP	PAR/PHA/57/PRP/22	Preparation of a HCFC phase-out management plan (additional funding)

- (d) With respect to the extension of Haiti institutional strengthening project (phase III), to request an update to the 72nd meeting on the clearance of technical and financial report and the signing of the new institutional strengthening (IS) agreement for Haiti that will enable the release of funds balance.
- (e) With respect to the methyl bromide project in Guatemala:
 - (i) To note:
 - a) The progress report on the implementation of the methyl bromide (MB) phase-out project in Guatemala submitted by UNIDO on behalf of the Government of Guatemala contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - b) With concern the deviation of the MB consumption from the 2012 target established in the agreed conditions for the phase-out of MB in Guatemala and the potential deviation in consumption for the years 2013 and 2014;
 - c) That the Government of Guatemala agreed to return US \$265,300 to the Multilateral Fund from the funds approved after the 59th meeting, consisting of US \$210,000, plus agency support cost of US \$15,750 from UNIDO and US \$35,000, plus agency support cost of US \$4,550 from UNEP by the 72nd meeting;
 - d) That the Government of Guatemala has committed to completely phase out all controlled uses of MB by 1 January 2015 instead of 1 January 2013; and
 - (ii) To request UNIDO and UNEP to submit:
 - a) A progress report to the 73rd meeting including the ban on the import of controlled uses of MB as of 1 January 2015 and the actions undertaken to ascertain the long sustainability of the alternative technologies; and
 - b) The project completion report no later than the last meeting of the Executive Committee in 2015.
- (f) With respect to the national CFC phase-out management plan in Philippines (progress report):
 - (i) To note the progress report submitted by UNEP for the national CFC phase-out plan (NPP) work plan for the Philippines covering the period April 2012-October 2013 contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1; and
 - (ii) To request UNEP to submit to the 72nd meeting a financial report of the NPP as of 31 December 2013 and to return the remaining funds to the Multilateral Fund at that meeting.
- (g) With respect to the 2010 CTC verification report and status of CTC phase-out in process agent (phase II) applications in China, to note the verification report on the sector plan to phase out CTC for controlled use (phase-II) in China contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1 and to request the World Bank to submit the project completion report to the 72nd meeting in accordance with decision 68/4.

- (h) With respect to the progress reports on the implementation of the chillers projects:
- (i) To note the report on the chiller projects submitted by UNDP, UNIDO and the World Bank contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) To request UNIDO to financially complete:
 - a) The ODS phase-out in 50 existing centrifugal chillers units in Côte d'Ivoire, approved at the 37th meeting for the Government of France and transferred to UNIDO at the 57th meeting, by the end of 2013, and returning the remaining balances to the 72nd meeting;
 - b) The regional European demonstration project on the replacement of CFC centrifugal chillers in Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Romania, and Serbia approved at the 47th meeting, by the end of 2013, returning any remaining balances to the 72nd meeting, and submitting the project completion report no later than the 73rd meeting;
 - c) The demonstration project on the replacement of CFC centrifugal chillers in the Syrian Arab Republic approved at the 47th meeting, by the end of 2013, returning any remaining balances to the 72nd meeting, submitting the project completion report no later than the 73rd meeting;
 - (iii) To request UNDP to continue implementing the demonstration project for integrated management of the centrifugal chiller sub-sector, focusing on application of energy efficient CFC-free technologies for replacement of CFC-based chillers in Brazil, approved at the 47th meeting; submitting annual progress reports on the status of implementation in line with decision 68/8(c); financially completing the project and returning any remaining balances no later than the last meeting in 2017; and submitting the project completion report no later than the first meeting in 2018;
 - (iv) To request UNDP to continue implementing the demonstration project for integrated management of the centrifugal chiller sub-sector, focusing on application of energy efficient CFC-free technologies for replacement of CFC-based chillers in Colombia, approved at the 47th meeting; submitting annual progress report on the status of implementation in line with decision 68/8(c); financially completing the project and returning any remaining balances no later than the last meeting in 2017; and submitting the project completion report no later than the first meeting in 2018;
 - (v) To request the Governments of France, Germany and Japan, and UNIDO to continue implementing the project Strategic demonstration project for accelerated conversion of CFC chillers in five African countries (Cameroon, Egypt, Namibia, Nigeria and Sudan), approved at the 48th meeting, financially completing the project and returning any remaining balances no later than the last meeting in 2014, and submitting the project completion report no later than the first meeting in 2015;
 - (vi) To note the return of US \$3,149,056 by the World Bank from activities under the Global chiller replacement project approved at the 47th meeting to the 71st meeting; and further requesting the World Bank to continue implementing

the project in Argentina, India and the Philippines, submitting annual progress reports on the status of implementation in line with decision 68/8(c); financially completing the project and returning any remaining balances no later than the last meeting in 2017; and submitting the project completion report no later than the first meeting in 2018;

- (i) With respect to the completion of CFC, CTC, and halon projects approved after 2009:
 - (i) To request:
 - a) That all of the 59 projects listed in Annex I to the present report should be considered operationally completed as at the planned completion date, that implementing agencies should not incur any new commitments after 2013, and to remove any of these projects from the list of those for which additional status report are requested in part IV, that the relevant implementing agencies return any unused balances from these projects as soon as possible but no later than the end of 2014; and that the relevant implementing agencies submit project completion reports no later than the last meeting in 2014;
 - b) That the project “Development of a guide for sustainable refrigerated facilities and systems, in cooperation with the American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) (GLO/SEV/66/TAS/314)” implemented by UNEP with date of completion in 2014 should be considered operationally completed as at the planned completion date, and that UNEP return any unused balances from this project as soon as possible but no later than twelve months after the date of completion.
 - (j) With respect to the financial Audit Report for the halon, CFC production and foam sector plans in China:
 - (i) To note the financial audit reports submitted by the Government of China through the World Bank pursuant to decision 56/13 contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) To request:
 - a) The submission of the financial audit report pursuant to decision 56/13 to the 72nd meeting of the Executive Committee including the information requested in paragraph 54 of the current document with a view toward closing the projects and offsetting any remaining balances as at the end of 2014 against future approvals;
 - b) That future financial audit reports of each sector plan should provide information on all funds from the Multilateral Fund that are being held by China for disbursement to final beneficiaries, and the interest accrued from those balances;
 - c) That the total interest accrued by the Government of China to implement activities pursuant to decision 56/13 should be offset against future funding approved for China and reported in the annual audited financial

reports referred to in decision 70/20(c) and the Treasurer should record such interest as requested in decision 70/20(d).

- d) That data on funds held by the Government of china for the process agent II sector Plan, the solvent sector plan and the refrigeration servicing plan should be provided in any future financial audit report.
- (k) With respect to the resource mobilization for climate co-benefits, to note:
- (i) The final report on the resource mobilization for climate co-benefits submitted by UNDP contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) The final report on resource mobilization for climate co-benefits submitted by the World Bank contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
- (l) With respect to the demonstration sub-project for conversion from HCFC-22 to propane at Midea Room Air Conditioner Manufacturer Company in China:
- (i) To note the interim report on the demonstration sub-project for conversion from HCFC-22 to propane at Midea Room Air Conditioner Manufacturer Company in China by UNIDO contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) To request UNIDO to submit a final report to the 73rd meeting, on the understanding that it will only contain preliminary data on incremental operating cost;
- (m) With respect to the demonstration sub-projects for conversion of room air-conditioning compressor manufacturing from HCFC-22 to propane at Guangdong Meizhi Co. in China:
- (i) To note the interim report on the demonstration sub-project for conversion of room air-conditioning compressor manufacturing from HCFC-22 to propane at Guangdong Meizhi Co. in China by UNIDO contained in documents UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) To request UNIDO to submit the final report to the 73rd meeting;
- (n) With respect to the demonstration project for HFC-32 technology in the manufacture of small-sized commercial air-source chillers/heat pumps at Tsinghua Tong Fang Artificial Environment Co., Ltd. in China:
- (i) To note the interim report on the demonstration project for HFC-32 technology in the manufacture of small-sized commercial air-source chillers/heat pumps at Tsinghua Tong Fang Artificial Environment Co., Ltd. in China by UNDP contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) To request UNDP to submit a final report to the 72nd meeting, on the understanding that it will only contain preliminary data on incremental operating cost;
- (o) With respect to the demonstration project for conversion from HCFC-22 technology to ammonia/CO₂ technology in the manufacture of two-stage refrigeration systems for cold storage and freezing applications at Yantai Moon Ltd in China:

- (i) To note the interim report on the demonstration project for conversion from HCFC-22 technology to ammonia/CO₂ technology in the manufacture of two-stage refrigeration systems for cold storage and freezing applications at Yantai Moon Ltd. in China by UNDP contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1;
 - (ii) To request UNDP to submit a final report to the 72nd meeting, on the understanding that it will only contain preliminary data on incremental operating cost;
- (p) With respect to the assessment of the use in Colombia of super-critical CO₂ technology for polyurethane spray foams:
- (i) To note with appreciation the report entitled “Assessment of the use in Colombia of super-critical CO₂ technology for polyurethane spray foam”, submitted by the Government of Japan contained in document UNEP/OzL.Pro/ExCom/71/6/Add.1; and
 - (ii) To request bilateral and implementing agencies to share the assessment report on super-critical CO₂, together with information on other alternatives, when assisting Article 5 countries in preparing projects for the phase-out of HCFC-141b in polyurethane spray foam applications.

6. 2014-2016 business plans:

(a) Consolidated business plan of the Multilateral Fund

Document UNEP/OzL.Pro/ExCom/71/7 presents an analysis of the business plans submitted by the bilateral and implementing agencies to the 71st meeting. It addresses resource allocation, activities required and not required for compliance, and standard costs and proposes adjustments based on existing Executive Committee decisions. It concludes with other policy issues including requests for activities not required for compliance, business plan assumptions, over-budgeting and the distribution of annual tranches of HPMPs, policy issues in agency business plans, possible overlaps, and 2013 business plan activities that were not submitted in 2013.

Issues to be addressed:

- The under-programming of activities for the 2012-2014 by US \$21 million;
- The over-programming of post 2014 activities for the years 2015 to 2020;
- Apparent accelerated stage II production sector funding;
- Whether to:
 - Remove activities not required for compliance such as ODS disposal, ODS mapping and MB workshops;
 - Add MYA and IS activities from the 2013 business plans that were not submitted or not approved at the 71st meeting to the 2014 business plan;
- None of the business plans for 2014-2016 contain stage I HPMP activities for Botswana;
- Need for future business plans to include:
 - Distribute ODS phase-out tonnage on an annual basis;
 - Indicate funding requirements until the next control measure;
 - Indicate where funding requirements included in plans represent a 100 per cent phase-out;
- Possible overlaps between bilateral and implementing agencies; and

- Six non-LVC countries do not have funding in the business plan to address a 35 per cent reduction in the baseline;

Action expected from the Executive Committee: The Executive Committee may wish to:

- (a) Note the Consolidated 2014-2016 business plan of the Multilateral Fund as contained in document UNEP/OzL.Pro/ExCom/71/7;
 - (b) Decide whether to:
 - (i) Adjust the business plan as proposed by the Secretariat;
 - (ii) Further adjust the business plan during the discussion by the Executive Committee and/or during the presentation of the business plan by bilateral and implementing agencies to:
 - a) Remove or maintain the activities not required for compliance;
 - b) Add those multi-year agreement and institutional strengthening activities from the 2013 business plans that were not submitted or not approved at the 71st meeting to the 2014 business plans;
 - (c) Request bilateral and implementing agencies to:
 - (i) Submit stage I HCFC phase-out management plan (HPMP) activities not included in the business plans for Botswana;
 - (ii) In future business plans:
 - a) Provide a distribution of tonnage for HPMPs according to the cost-effectiveness of the overall HPMP agreement;
 - b) Indicate project funding requirements based on the estimated tonnage required to achieve the next schedule reductions;
 - c) To indicate those countries for which business plan entries represent a 100 per cent phase-out in accordance with decision 62/10;
 - (d) Request the concerned implementing agencies during the 71st meeting to report on the resolution of overlaps identified in paragraph 32 of document UNEP/OzL.Pro/ExCom/71/7; and
 - (e) Endorse the Consolidated 2014-2016 business plan of the Multilateral Fund, as adjusted by the Secretariat [and the Executive Committee], while noting that endorsement denotes neither approval of the projects identified therein nor their funding or tonnage levels.
- (b) Business plans of the bilateral and implementing agencies:**
- (i) Bilateral agencies**

Document UNEP/OzL.Pro/ExCom/71/8 presents the business plans for bilateral agencies submitted to the 71st meeting. The Governments of Germany, Italy and Japan submitted business plans for the years 2014-2016.

Issues to be addressed:

- Proposed adjustments by the Secretariat would enable Germany to remain within its bilateral allocation of 20 per cent of its contributions for the period 2012 to 2014.

Action expected from the Executive Committee: The Executive Committee may wish to consider noting the 2014-2016 business plans of bilateral agencies submitted by Germany, Italy and Japan as addressed in document UNEP/OzL.Pro/ExCom/71/8.

(ii) UNDP

Document UNEP/OzL.Pro/ExCom/71/9 contains a summary of UNDP's planned activities for the phase-out of ODS for the period 2014-2016 and the impact of the adjustments made by the Secretariat based on existing Executive Committee decisions. It also contains policy issues raised by UNDP, UNDP's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed:

- Policy issues related to:
 - The need to complete the guidelines for stage II of HPMPs and the guidelines for project preparation of stage II of HPMPs
 - Proposed activity for mapping ODS alternatives at the national level;
- Submission of stage I HPMP for Mauritania as soon as the on-going audit of UN activities is completed; and
- Modification to a performance indicator.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting the 2014-2016 business plan of UNDP as contained in document UNEP/OzL.Pro/ExCom/71/9;
- (b) Whether to reinstate the activity for mapping ODS alternatives to the 2014-2016 business plan of UNDP that had been removed by the Secretariat's adjustments to the 2014-2016 Consolidated Business Plan;
- (c) Urging UNDP to submit the HCFC phase-out management plan for Mauritania as soon as it can in the light of the ongoing audit of UN activities in the country; and
- (d) Approving the performance indicators for UNDP set out in Table 4 contained in document UNEP/OzL.Pro/ExCom/71/9 while setting a target of 19 for project completion.

(iii) UNEP

Document UNEP/OzL.Pro/ExCom/71/10 contains a summary of UNEP'S planned activities for the phase-out of ODS for the period 2014-2016 and the impact of the adjustments made by the Fund Secretariat based on existing Executive Committee decisions. It also contains UNEP's business plan performance indicators and recommendations for consideration by the Executive Committee. No policy issues were raised by UNEP in its business plan.

Issues to be addressed:

- Possible additional stage II HPMP activities that were not included in the business plan; and
- Modifications to performance indicators.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting:
- (i) The 2014-2016 business plan of UNEP as contained in document UNEP/OzL.Pro/ExCom/71/10;
 - (ii) That stage II for HCFC phase-out management plans in low-volume-consuming (LVC) and non-LVC countries in which UNEP was the lead agency for stage I could increase the total business plan value (including values after 2020) by US \$11,400,500, and \$6,737,826, respectively; and
- (b) Approving the performance indicators for UNEP set out in Tables 5 and 6 as contained in document UNEP/OzL.Pro/ExCom/71/10 while setting a target of 63 for the number of individual projects approved, 23 for milestone activities completed for multi-year agreements, and zero ODP tonnes for ODS phased out for individual projects.
- (iv) UNIDO**

Document UNEP/OzL.Pro/ExCom/71/11 contains a summary of UNIDO's planned activities for the phase-out of ODS for the period 2014-2016 and the impact of the adjustments made by the Fund Secretariat based on existing Executive Committee decisions. It also contains policy issues raised by UNIDO, UNIDO's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed:

- Whether funding for demonstration projects on alternatives to methyl bromide for quarantine and pre-shipment (QPS) applications might be added to UNIDO's business plan;

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting the 2014-2016 business plan of UNIDO as contained in document UNEP/OzL.Pro/ExCom/71/11;
- (b) Approving the performance indicators for UNIDO set out in Table 4 as contained in document UNEP/OzL.Pro/ExCom/71/11; and
- (c) Whether funding for demonstration projects on alternatives to methyl bromide for quarantine and pre-shipment applications might be added to UNIDO's business plan entries in the 2014-2016 Consolidated Business Plan.
- (v) World Bank**

Document UNEP/OzL.Pro/ExCom/71/12 contains a summary of the World Bank's planned activities for the phase-out of ODS for the period 2014-2016 and the impact of the Fund

Secretariat's adjustments based on existing Executive Committee decisions. It also contains policy issues raised by the World Bank, the Bank's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed:

- Stage II project preparation and value of tranches for the stage II production sector;
- Policy issue on the need to fund the closure of HCFC production swing plants; and
- Modification to a performance indicator.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting the 2014-2016 business plan of the World Bank as contained in document UNEP/OzL.Pro/ExCom/71/12;
- (b) Requesting the World Bank to prepare a detailed request for stage II project preparation as part of the Executive Committee's consideration for funding project preparation in the production sector in the absence of any specific decision on guidelines; and
- (c) Approving the performance indicators for the World Bank set out in Table 4 as contained in document UNEP/OzL.Pro/ExCom/71/12 while setting a target of 111.4 ODP tonnes for ODS phased out for individual projects, and 3 for project completion.

7. Programme implementation

(a) **Monitoring and evaluation:**

(i) **2013 consolidated project completion report;**

Document UNEP/OzL.Pro/ExCom/71/13 provides the Executive Committee with an overview of the results reported in the project completion reports (PCRs) received since the 68th meeting pursuant to decisions 23/8(i) and 26/11 requesting the Senior Monitoring and Evaluation Officer to present a consolidated PCR, after consultation with the implementing agencies, at the third meeting of the year.

Issues to be addressed:

- PCRs received and due;
- Data consistency in PCRs;
- Schedule for submission of PCRs in 2014; and
- Lessons learned reported in PCRs

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Taking note of the 2013 consolidated project completion report contained in document UNEP/OzL.Pro/ExCom/71/13 including the schedule for submission of project completion reports (PCRs) due and the lessons learned;
- (b) Requesting bilateral and implementing agencies concerned:
 - (i) To establish by the end of January 2014 in cooperation with the Secretariat, full

consistency of data reported in the PCRs in the Inventory and in the annual progress reports;

- (ii) To provide to the Secretariat by the end of January 2014 the information still missing in a number of PCRs;
 - (iii) To clear by the end of January 2014 the backlog of PCRs on projects completed before the end of 2006; and
- (c) Inviting all those involved in the preparation and implementation of projects to take into consideration the lessons learned drawn from PCRs when preparing and implementing future projects.

(ii) Desk study on the evaluation of the preparatory phase of the phasing out of HCFCs

Document UNEP/OzL.Pro/ExCom/71/14 contains the desk study on the evaluation on the preparatory phase of the phasing out of HCFCs, focusing on the preparation process itself and the resulting HPMPs. The study is based on the review of extensive Executive Committee documentation on a sample of 15 countries selected according to various criteria (regional, low-volume-consuming (LVC) countries, non LVC countries, one sector, several sectors). The study aims to cover the most important aspects of the preparation of stage I and reviews the reasons for delays in project preparation, the overarching strategy, main initiatives, policy and regulatory measures, and co-financing issues. It formulates suggestions for the preparation of stage II of HPMPs.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to note the desk study on the evaluation of the preparatory phase of the phasing-out of HCFCs and its recommendations contained in document UNEP/OzL.Pro/ExCom/70/14.

(iii) Evaluation of metered-dose inhaler projects

Document UNEP/OzL.Pro/ExCom/71/15 presents the evaluation assessing the effectiveness of the transition strategy in facilitating the replacement of CFC with CFC-free metered-dose-inhalers (MDIs) in projects funded by the Multilateral Fund (MLF) in four countries. Two other countries of the initial sample could not be visited because of unforeseen circumstances. The report suggests that these countries be visited at a later stage and that a final report be prepared after the completion of the evaluation. The evaluation found out that all countries visited achieved, or are close to achieving, the replacement of CFC-MDI with CFC-free MDI. Nevertheless the transition encountered challenges related to the complexity of the projects, difficulty in reaching a wider target population, identification of technology and other technical-related problems. At the end, however, the replacement was successful and it was made without detrimental effects on the patients with asthma or chronic obstructive pulmonary diseases.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to note the report on the evaluation of projects for the conversion of CFC based metered dose inhalers (MDI) to non CFC technologies contained in document UNEP/OzL.Pro/ExCom/71/15 and its conclusions and lessons learned.

(iv) Draft Monitoring and Evaluation work programme for the year 2014

Document UNEP/OzL.Pro/ExCom/71/16 includes the draft monitoring and evaluation work programme for 2014. Two new evaluations are suggested: the evaluation of MB in Latin America and the Caribbean and the evaluation of training in the refrigeration servicing sector. The work plan also suggests an updated version of the final report on evaluation of projects for the conversion of CFC-MDI to non-CFC methodologies. Monitoring activities focus on the preparation of two completion consolidated reports and follow up on the use of the MYA database. The report also includes a schedule of activities and a budget proposal of US \$246,000.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to consider approving the proposed 2014 monitoring and evaluation work programme at a budget of US \$246,000 as shown in Table 2 of document UNEP/OzL.Pro/ExCom/71/16.

(b) Performance indicators (decision 70/14)

Document UNEP/OzL.Pro/ExCom/71/17 has been prepared by the Secretariat pursuant to decision 69/5(k) whereby, *inter alia*, the Committee decided that as part of the planning process for stage II of HPMPs, consideration should be given to the relevance of some performance indicators and the redefinition of others in light of the fact that the main project modality was multi-year projects with fewer individual ones. The implementing agencies and the Secretariat had detailed discussions at the Inter-agency Coordination meeting in September 2013 and in the margins of the 25th meeting of the Parties in October 2013. The World Bank provided additional input following those meetings. The document describes the discussion at those meetings and proposes modifications to the proposals submitted to the 70th meeting. It also notes that any new performance indicators would apply starting with the 2015-2017 business plans and that project preparation should not be assessed as part of the approval indicator if the Executive Committee has not taken a decision on its funding.

Issues to be addressed:

- The inclusion of project preparation and the reduction of points for approval indicators;
- Removal of the performance indicator for submission delays and compliance, redefinition of ODS phase-out for tranches and project completion to exclude project preparation, inclusion of a new indicator for the qualitative assessment by NOUs and increase in points for implementation indicators; and
- The removal of the indicator for timely submission of activities and requested information as an administrative performance indicator.

Action expected from the Executive Committee: The Executive Committee may wish to:

- (a) Note the report on performance indicators as contained in UNEP/OzL.Pro/ExCom/71/17; and
- (b) Modify the performance indicators established in decisions 41/93, as modified by decision 47/51, as follows:

Type of Indicator	Short Title	Calculation	Weighting
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned	10
Planning--Approval	Projects/activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)*	10
	Sub-total		20
Implementation	Funds disbursed	Based on estimated disbursement in progress report	10
Implementation	ODS phase out	ODS phase out for the tranche when the next tranche is approved vs. those planned per progress reports	15
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	25
Implementation	Qualitative performance assessment by NOU	Target of 4 with points given for a rating of 0 to 4 for countries providing assessments	10
	Sub-total		60
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	10
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plan and responses unless otherwise agreed	5
	Sub-total		20
	Total		100

* Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

8. Project proposals

(a) Overview of issues identified during project review

Document UNEP/OzL.Pro/ExCom/71/18 contains four sections: An analysis of the number of projects and activities submitted by bilateral and implementing agencies to the 71st meeting; issues identified during the project review process; projects and activities submitted for blanket approval; and investment projects for individual consideration.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish:

- (a) To approve the projects and activities submitted for blanket approval at the levels of funding indicated in Annex [] to the final report, together with the conditions or provisions included in the corresponding project evaluation documents and the conditions attached to the projects by the Executive Committee, noting that the agreements between the following Governments¹ and the Executive Committee had been updated based on the established HCFC baseline for compliance;

¹ The list of the countries concerned will be included after discussion of this agenda item.

- (b) To decide that, for projects related to renewal of institutional strengthening, blanket approval included approval of the observations to be communicated to recipient governments contained in Annex [] to the final report; and
- (c) To request relevant bilateral and implementing agencies to include in their respective amendments to the work programmes for submission to the 71st meeting, funding for verification reports for stage I HPMPs for the Article 5 countries listed in Table 1 of document UNEP/OzL.Pro/ExCom/70/18.

(b) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/71/19 provides an overview of requests from bilateral agencies, and whether these are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2013 and 2014. The six projects submitted are addressed under the respective country project proposal document.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral project approved at the 71st meeting as follows:

- (a) US \$XX (including agency fees) against the balance of France's bilateral contribution for 2013;
- (b) US \$XX (including agency fees) against the balance of Germany's bilateral contribution for 2014; and
- (c) US \$XX (including agency fees) against the balance of Japan's bilateral contribution for 2013.

(c) Amendments to work programmes for 2013

(i) UNDP

Document UNEP/OzL.Pro/ExCom/71/20 contains ten activities submitted by UNDP including seven requests for institutional strengthening renewal projects and three requests for technical assistance. The requests were recommended for blanket approval and were considered under agenda item 8(a).

Issues to be addressed: None.

Action expected from the Executive Committee: None.

(ii) UNEP

Document UNEP/OzL.Pro/ExCom/71/21 contains 25 activities submitted by UNEP, including requests for 16 institutional strengthening renewal projects, and nine requests for technical assistance. All the requests were recommended for blanket approval and were considered under agenda item 8(a).

Issues to be addressed: None

Action expected from the Executive Committee: None

(iii) UNIDO

Document UNEP/OzL.Pro/ExCom/71/22 contains 11 activities submitted by UNIDO, including requests for four institutional strengthening renewal projects, three project preparation requests for the phase-out of MB and four requests for technical assistance. All the requests were recommended for blanket approval and were considered under agenda item 8(a) except for two project preparation requests for countries that had not yet reported CP implementation data for 2012.

Issues to be addressed:

- Outstanding CP implementation data for 2012 for two countries.

Action expected from the Executive Committee: The Executive Committee may wish to consider the requests for project preparation for methyl bromide in Algeria and Sudan in view of decision 52/5(f) and approve these requests subject to their country programme data for 2012 being officially submitted to the Multilateral Fund by the 71st meeting.

(d) UNEP's Compliance Assistance Programme (CAP) budget for 2014

Document UNEP/OzL.Pro/ExCom/71/23 contains UNEP's Compliance Assistance Programme (CAP) for 2014. The submission includes the 2013 CAP progress report, budget utilization in 2012, summary of the proposed 2014 CAP and the comments and recommendations of the Secretariat.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Approving the Compliance Assistance Programme (CAP) budget for 2014 at the amount of US \$9,338,000 plus agency support costs of 8 per cent amounting to US \$747,040 for UNEP, as contained in Annex I of document UNEP/OzL.Pro/ExCom/71/23;
- (b) Requesting UNEP, in future submissions of the CAP budget to continue:
 - (i) Providing detailed information on the activities for which the global funds would be used;
 - (ii) Extending the prioritisation of funding between CAP budget lines so as to accommodate changing priorities, and providing details on the reallocations made in its budget pursuant to decisions 47/24 and 50/26;
 - (iii) Reporting on the current staff post levels and informing the Executive Committee of any changes thereto, particularly in respect to any increased budget allocations; and
- (c) Requesting UNEP to report to the Executive Committee on the implications of its adoption of the International Public Sector Accounting Standards (IPSAS) in meeting the requirements of decision 35/36(d), requiring the return of the balances of the CAP funds, by the 74th meeting.

(e) 2014 core unit costs for UNDP, UNIDO and the World Bank

Document [UNEP/OzL.Pro/ExCom/71/24](#) contains information on actual administrative costs for 2009-2012 and estimated costs for 2013 and their associated approved budgets. It also contains requests for proposed 2014 core unit costs and provides observations by the Fund Secretariat

Issues to be addressed:

- Possible redirection of project implementation-related cost funds for administrative cost activities and the need to separate these types of costs;
- Need to identify income from other sources in order to assess the use of funds provided by the Executive Committee for administrative costs;
- Need for agencies to use funds provided for core unit costs as budgets; and
- Requests for approval of core unit costs for UNDP and UNIDO with a 0.7 per cent increase, in line with decision 67/15, over the 2013 budget, and the World Bank with the same level of request for 2014 as was approved for 2013.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting:
- (i) The report on 2014 core unit costs for UNDP, UNIDO and the World Bank as presented in document [UNEP/OzL.Pro/ExCom/71/24](#);
 - (ii) With appreciation, that the World Bank's core unit operation was again below its budgeted level and that it would be returning unused balances;
- (b) Whether to approve the requested core unit budgets for UNDP for \$2,012,442, UNIDO for \$2,012,442, and the World Bank for US \$1,725,000;
- (c) Requesting that future studies on administrative costs should:
- (i) Propose means by which project implementation-related costs should be isolated from administrative costs in order to effectively assess the requirements of core unit costs; and
 - (ii) Consider the merits of requesting UNDP, UNIDO and the World Bank to use core unit funds as budgets and stay within established agency norms for exceeding the allocated budget amounts.

(f) Investment projects

Document [UNEP/OzL.Pro/ExCom/71/18](#) contains a list of projects for individual consideration (see table below). Twenty-two tranches were recommended for blanket approval and were considered under agenda item 8(a).

Issues to be addressed: In the table below, each of the projects should be considered for approval individually. Project descriptions and the comments of the Secretariat can be found in the relevant country project document referred to in the table.

Table. Projects submitted for individual consideration

Country	Project	Agency	ExCom	Issue
ODS Disposal				
Algeria	Pilot demonstration project on ODS waste management and disposal	UNIDO	71/25	Country programme implementation report. Waste disposal
HPMPs tranches request				
China	HCFC phase-out management plan (stage I, third tranche)	UNDP/UNEP/UNIDO/World Bank/Japan	71/30	Funds disbursement
Croatia	HCFC phase-out management plan (stage I, fourth tranche)	UNIDO/Italy	71/32	Reclassification as non-Article 5 Party
India	HCFC phase-out management plan (stage I, second tranche)	UNDP/UNEP/Germany	71/35	Funds request above US \$5 million.
Indonesia	HCFC phase-out management plan (stage I, second tranche)	UNDP/World Bank	71/36	Funds disbursement
Iran (Islamic Republic of)	HCFC phase-out management plan (stage I, third tranche)	UNDP/UNIDO	71/37	Changes in the foam component; funds disbursement
Montenegro	HCFC phase-out management plan (stage I, second tranche)	UNIDO	71/42	New agreement, reduced level of funding
Namibia	HCFC phase-out management plan (stage I, second tranche)	Germany	71/43	Consumption for 2011 above the maximum allowable level in the Agreement
Viet Nam	HCFC phase-out management plan (stage I, second tranche)	World Bank	71/52	Funds request above US \$5 million; new Agreement

Action expected from the Executive Committee: The Executive Committee may wish to consider whether to approve each of the projects listed in the table above on the basis of information provided in the relevant project proposal document including the Secretariat's comments, and any information provided at the meeting by the Secretariat or the relevant bilateral and/or implementing agency.

9. Draft guidelines for funding the preparation of stage II of HCFC phase-out management plans (decisions 66/5 and 69/22 and paragraph 105 of UNEP/OzL.Pro/ExCom/70/59)

Document UNEP/OzL.Pro/ExCom/71/55 contains the draft guidelines for funding the preparation of stage II of HPMPs as amended at the 70th meeting.

Issues to be addressed:

- Consideration of the draft guidelines as amended at the 70th meeting.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting document UNEP/OzL.Pro/ExCom/69/33 on the draft guidelines for funding the preparation of stage II of HCFC phase-out management plans (HPMP);
- (b) Guided by the need to ensure compliance with the control measures of the Montreal Protocol for HCFC phase-out [in particular the 2020 reduction step], and [the need to] [ensure] [facilitate] continuity of implementation of HPMP activities between stages, requests for stage II HPMP project preparation funding could be submitted no earlier than two years before the end date of their approved stage I HPMP as contained in paragraph 1 of their agreement with the Executive Committee, unless otherwise indicated in the decision of the Executive Committee approving their respective stage I HPMPs;

- (c) Requesting bilateral and implementing agencies when submitting requests for project preparation for stage II of the HPMPs to demonstrate that [substantial] [the level of progress] [to confirm the expected degree of progress][in the implementation of stage I of their HPMP had been achieved [in relation to financial [disbursement] [commitments] and planned activities], and to provide:
 - (i) For the overall stage II strategy:
 - a. An indication of the activities that will need to be undertaken for project preparation, with specific costs clearly identified (i.e. surveys, consultation meetings, etc.);
 - b. A description of the information that needs to be gathered and updated and why it was not included in stage I;
 - (ii) For investment projects in line with decision 56/16:
 - a. Number of enterprises where the request for funding is being sought;
 - b. If the request is for a sector where project preparation was approved in stage I but had not been included in the HPMP submitted an explanation why additional funding is required and a list of activities with corresponding costs to support this request;
- (d) Providing funding for stage II HPMP project preparation [for individual countries] up to the following levels, [upon justification of the amount requested that is in fulfilment of sub-paragraph d(i)]:
 - (i) US \$20,000 [30,000] [if addresses the phase-out of all remaining consumption by 2030 or earlier] for Article 5 countries with a remaining HCFC consumption eligible for funding of 0 to 5 ODP tonnes used only in the refrigeration servicing sector;
 - (ii) US \$30,000 [40,000] [if stage II addresses the phase-out of all remaining consumption by 2030] [2040] for Article 5 countries with a remaining HCFC consumption eligible for funding of 5.1 to 10 ODP tonnes;
 - (iii) US \$50,000 [60,000] [if stage II addresses the phase-out of all remaining consumption by 2030] [2040] for Article 5 countries with a remaining HCFC consumption eligible for funding of 10.1 to 50 ODP tonnes;
 - (iv) US \$70,000 for Article 5 countries with a remaining HCFC consumption eligible for funding of 50.1 to 100 ODP tonnes;
 - (v) US \$90,000 for Article 5 countries with a remaining HCFC consumption eligible for funding of 100.1 to 1,500 ODP tonnes;
 - (vi) US \$ [to be determined] for countries with remaining eligible consumption above 1,500 ODP tonnes;
- (d)bis: Funding for the preparation of any regional [multi-country] [LVC] stage II HPMPs would be determined on a case by case basis;

- (e) Providing funding for any Article 5 country with a manufacturing sector using HCFCs that has not been addressed in stage I of their HPMPs, according to the number of manufacturing enterprises to be converted as per decision 56/16(d) and (f), [based on their remaining eligible consumption] as follows:
- (i) One enterprise to be converted in a manufacturing sector: US \$30,000;
 - (ii) Two enterprises to be converted in a manufacturing sector: US \$60,000;
 - (iii) Three to 14 enterprises to be converted in a manufacturing sector: US \$80,000;
 - (iv) Fifteen or more enterprises to be converted in a manufacturing sector: US \$150,000; and
 - (v) To limit the maximum funding provided for the preparation of the investment component for any country according to the table below:

Remaining eligible consumption (ODP tonnes)	Investment preparation limit (US \$)
Up to 100	100,000
101–300	200,000
301–500	250,000
501–1,000	300,000
1,001 and above	400,000

- (f) Requesting Article 5 countries, to include in the development and finalization of the strategic plan for stage II of the HPMPs, as a minimum the control target of the Montreal Protocol subsequent to that committed in stage I of their HPMPs;
- (f) bis Should countries decide [to include subsequent [HCFC] control targets], [they should confirm in their stage II HPMP that a national commitment is in place to meet these targets];
- (g) [Requesting bilateral and implementing agencies to ensure that the following information is included in stage II HPMP project proposals [in addition to the information required in decision 54/39, guidelines for the preparation of HPMPs:
- (i) A description of how the HPMP strategy has considered the range of non-ODS, technically proven, commercially available, [safe] [climate-friendly]/[low-GWP] alternatives to HCFCs;
 - (ii) A description of how the strategy for the refrigeration servicing sector [to phase out HCFCs] [has considered [climate impact] [enabling and building a normative framework for] [good servicing practices and refrigeration conservation] [the need to minimize negative climate impacts] / [to describe the impact of the proposed strategy on the climate], [taking into account the issues raised in Document 70/53];
 - (ii)Alt: [Include in the strategy a description of the extent of options available to phase out HCFCs in the refrigeration servicing sector, considering the need to minimize negative impacts on the climate;]
 - (iii) The proportion of foreign ownership and exports to non-Article 5 countries in the

manufacturing sector;

- (iv) An indication of the project disbursement modality that will be used to implement the HPMP;
- (v) Date of establishment of such enterprises [and entities], taking into account decision 60/44(a) on the cut-off date, [including enterprise names and consumption data, where available];
- (h) Requesting bilateral and implementing agencies to return any balances from project preparation funding provided for stage I HPMP to the Multilateral Fund before a request for stage II project preparation funding may be considered; and
- (i) Requesting the Secretariat to take into account the preparation guidelines for stage II HPMPs approved at this meeting in its proposal for the terms of reference for the assessment of the administrative costs for the 2015-2017 triennium foreseen in decision 68/10 that should be submitted to the 71st meeting.

10. Discussion paper on minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector (decision 68/11 and paragraph 120 of UNEP/OzL.Pro/ExCom/70/59)

Document UNEP/OzL.Pro/ExCom/71/56 contains a Note from the Secretariat summarizing the discussions held at the 70th meeting with respect to the discussion paper on minimizing the adverse climate impact of HCFC phase-out in the refrigeration servicing sector (UNEP/OzL.Pro/ExCom/70/53), that was deferred to the 71st meeting by decision 70/59. The discussion paper describes key considerations to minimize adverse climate impact in the servicing sector, provides an overview of the current refrigeration servicing sector, and outlines the experiences gained from the phase-out of CFCs in this sector where applicable to HCFC phase-out. It also provides approaches to minimize adverse climate impact during the implementation of the activities for the refrigeration servicing sector already approved under stage I, and yet to be approved under stage II of HPMPs. The document has taken into consideration substantial discussions and consultations with the relevant agencies as well as experiences in the implementation of projects in the refrigeration servicing sector. The re-issued document UNEP/OzL.Pro/ExCom/70/53/Rev.1 integrates the original discussion paper and its corrigendum UNEP/OzL.Pro/ExCom/70/53/Corr.1.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to:

- (a) Take note of document UNEP/OzL.Pro/ExCom/70/53/Rev.1 on minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector (decision 68/11);
- (b) Invite relevant bilateral and implementing agencies to consider the information contained in document UNEP/OzL.Pro/ExCom/70/53/Rev.1 when assisting Article 5 countries in the preparation and implementation of activities in the refrigeration servicing sector contained in their HCFC phase-out management plans (HPMPs);
- (c) Encourage Article 5 countries to consider during the implementation of their HPMPs:
 - (i) The development of regulations and codes of practice, and the adoption of standards for the safe introduction of flammable refrigerants given the potential

risk of accidents associated with their use; and

- (ii) Measures to limit the import of HCFC-based equipment and to facilitate the introduction of energy efficient and climate friendly alternatives.

11. Revised paper on criteria for funding HCFC phase-out in the consumption sector adopted by decision 60/44 (decisions 69/22(b), 69/24(d) and 70/21(c))

Document UNEP/OzL.Pro/ExCom/71/57 is an update of document UNEP/OzL.Pro/ExCom/70/52 prepared by the Secretariat pursuant to decisions 69/22(b) and 69/24(d), whereby the Committee requested an information document to assist it in reviewing the criteria for funding HCFC phase-out in the consumption sector adopted by decision 60/44. The document consists of four parts: Part I contains an introduction; Part II an analysis of decision 60/44; Part III a brief analysis of the implementation of HPMPs; and Part IV an overview of HCFC consumption eligible for phase-out in subsequent stages of HPMPs including observations and recommendation. The updated version of the document includes additional information regarding incremental capital and operating costs incurred under stage I of the HPMPs that was provided by relevant bilateral and implementing agencies in line with per decision 70/21(b) and (c). The updated version has also updated HCFC baselines for compliance and starting points for aggregate reduction in HCFC consumption based on tranches approved at the 70th meeting, and a summary of the results on the demonstration project on the use of super-critical CO₂ in the manufacture of sprayed polyurethane rigid foam submitted to the 71st meeting.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to take note of the document on the criteria for funding HCFC phase-out in the consumption sector adopted by decision 60/44 contained in document UNEP/OzL.Pro/ExCom/71/57.

12. Disbursement of funds for the HCFC phase-out management plan for China (decision 69/24(b)(i))

Document UNEP/OzL.Pro/ExCom/71/58 contains a review of options as to how funds for the HPMP in China could be disbursed as close as possible to the time when funds were needed, taking into account the relevant agreements between the Executive Committee and the Treasurer, the Executive Committee and the implementing agencies, and the Government of China and the implementing agencies. It considers the transfer of funds from the implementing agencies to China and from the Treasurer to the implementing agencies. It notes that the Government of China has agreed to leave funds with the implementing agencies until needed. A report from UNDP is pending. However, as a result the balances of funds held by the agencies for China will increase. Implementing agencies hold about three times more funds that needed for expenditure per year. The Secretariat is proposing to study this issue further in the light of the Board of Auditor's observation, the need to review agreements, the possibility of maximizing interest, the expiration of the current term of the Treasurer at the end of 2014, the impact on stage II HPMPs, and on project implementation of any change in fund transfer policy.

Issues to be addressed:

- Actions taken by UNEP, UNIDO and the World Bank to transfer funds as close as possible to the time needed for implementation;
- A report from UNDP on the actions it plans to take in this regard;
- The 20 per cent disbursement threshold for future agreements; and

- The need for additional study on the impact of fund transfers to the implementing agencies from the Treasurer.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting:
 - (i) The document of Disbursement of funds for the HCFC phase-out management plan (HPMP) for China (decision 69/24(b)(i)) (UNEP/OzL.Pro/ExCom/71/58);
 - (ii) The efforts of UNEP, UNIDO and the World Bank to transfer funds to the Foreign Economic Cooperation Office (FECO) as soon as possible to the time when funds are needed for disbursement to the final beneficiary for the HCFC phase-out management plan (HPMP) in China;
- (b) Encouraging UNDP to report its efforts to transfer funds to FECO to the time when funds are needed for disbursement to the final beneficiary for the HPMP in China; and
- (c) Requesting the Secretariat, in cooperation with the implementing agencies and the Treasurer, to further consider the impact of fund transfers to implementing agencies from the Treasurer in the light of the information provided in document UNEP/OzL.Pro/ExCom/71/58.

13. Terms of reference for the assessment of the administrative cost regime for the 2015-2017 triennium (decisions 66/17(e) and 68/10)

Document UNEP/OzL.Pro/ExCom/71/59 contains options for the review of the administrative cost regime to be considered at the last meeting of 2014 as mandated in decision 67/15: including maintaining the existing regime or requesting a review by the Secretariat, an independent consultant, or an Expert Group. It then contains issues that could be considered in a review of the administrative cost regime that could serve as a terms of reference including inter alia: the role of executing agencies, country offices and financial intermediaries in administrative costs and the execution of HPMPs taking into account lead agencies, project monitoring units, and upcoming stage II HPMPs; the extent to which previous decision of the Parties and the Executive Committee have been achieved; the agency fees for UNEP taking into account that CAP addresses many project-related activities; the core unit cost structure; and the relative size of the implementing agencies.

Issues to be addressed:

- Whether to maintain or review the administrative cost regime; and
- Whether the Secretariat, an independent consultant, or an Expert Group should conduct a review, the terms of reference for a review and the additional costs.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Noting the document on the Terms of reference for the assessment of the administrative cost regime for the 2015-2017 triennium as contained in document UNEP/OzL.Pro/ExCom/71/59;
- (b) Maintaining the existing administrative cost regime for the 2015-2017 triennium, or undertake the review of the administrative cost regime for the 2015-2017 triennium to be

submitted to the last meeting in 2014, based on, inter alia, the issues raised in document UNEP/OzL.Pro/ExCom/71/59:

- (i) By the Secretariat; or
 - (ii) By an independent contractor and to approve an amount of US \$210,000 for a contract for this purpose; or
 - (iii) By an Expert Group and to approve an amount of US \$100,000 for fees and travel costs for this purpose; and
- (c) If an independent contractor or an Expert Group is chosen for the review, requesting the implementing agencies to provide all information requested in a timely manner and to further provide support and facilitate the review of the administrative cost regime of the Multilateral Fund.

14. Accounts of the Multilateral Fund

(a) Final 2012 accounts

Document UNEP/OzL.Pro/ExCom/71/60 presents the IAs' final 2012 accounts as submitted to the Treasurer and the differences with their 2012 provisional accounts. The Multilateral Fund's accounts remain the same as the 2012 provisional accounts submitted to the 70th meeting as UNEP's accounts for 2012 were closed at the time the final accounts of the IAs were received.

Issues to be addressed:

- Consolidation of the Multilateral Fund's accounts with those of UNEP under the International Public Sector Accounting Standards;
- Mitigation of exchange rate risks on pledged contributions; and
- Procedures set by the UNEP-wide standard on cash advances and the potential impact on the Multilateral Fund-funded project implementation.

Action expected from the Executive Committee: The Executive Committee may wish to:

- (a) Note the final financial statements of the Multilateral Fund as at 31 December 2012 contained in document UNEP/OzL.Pro/ExCom/71/60;
- (b) Note that UNEP is yet to receive from the United Nations Board of Auditors the final audit report of the 2012 accounts;
- (c) Request the Treasurer to record in the 2013 accounts of the Multilateral Fund the differences between the implementing agencies' provisional financial statements and their final 2012 accounts as reflected in in Tables 1 and 2 of the document UNEP/OzL.Pro/ExCom/71/60;
- (d) Request UNEP to inform the Executive Committee at its 72nd meeting on the:
 - (i) Consolidation of the Multilateral Fund accounts with those of UNEP under the International Public Sector Accounting Standards;
 - (ii) Mitigation of exchange rate risks on pledged contributions; and

- (iii) Procedures set by the UNEP-wide standard on cash advances and the potential impact on the Multilateral Fund-funded project implementation.

(b) Reconciliation of the accounts

Document UNEP/OzL.Pro/ExCom/71/61 presents the 2012 reconciliation of the accounts exercise prepared as per decision 38/9(d) which, *inter alia*, requested that a full reconciliation of the accounts with the progress and financial reports be prepared for the last meeting of each year.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to:

- (a) Note the reconciliation of the 2012 accounts, as presented in document UNEP/OzL.Pro/ExCom/71/61;
- (b) Request UNEP to adjust its income by US \$11,982 in interest accrued and US \$3,675 in prior years' savings in its next progress report;
- (c) Request the Treasurer to:
 - (i) Reflect in UNIDO's 2013 accounts as prior years' adjustment: income transfers made to UNIDO in 2012 related to the refund on completed projects amounting to US \$104,472; interest earned amounting to US \$221,896 for 2nd and 3rd quarters of 2012 adjusted in 68th meeting; US \$99,041 for 4th quarter of 2012 adjusted in 69th meeting; and difference in interest income between 2012 provisional and final accounts amounting to US \$50,951;
 - (ii) Withhold from its future transfers to UNDP an amount of US \$551,278 representing the additional interest income reported by UNDP in its provisional financial statement but not in its final financial statement, and to reflect this amount as a prior year adjustment in UNDP's 2013 accounts;
 - (iii) Withhold from its future transfers to the World Bank an amount of US \$71,078 representing interest earned in the 4th quarter of 2011 which was not deducted from the 2012 approvals, as no payments were made to the World Bank by the Treasurer at the 66th and 67th meetings due to a large return in balances; and
 - (iv) Note that the adjustments of US \$2,880 returned twice by UNIDO against five projects and US \$810 in agency support costs returned twice by UNEP against one project have been effected in the report on balances and availability of resources (document UNEP/OzL.Pro/ExCom/71/4) for each agency separately;
- (d) Note the 2012 outstanding reconciling items as follows:
 - (i) US \$12 in income between UNDP's progress report and final accounts;
 - (ii) US \$3,119 in income between UNEP's progress report and final accounts;
 - (iii) US \$15 in income and US \$1,197 in expenditure between UNIDO's progress report and final accounts; and
 - (iv) US \$9 in income between the World Bank's progress report and final accounts;

- (e) Note the standing reconciling items as follows:
 - (i) UNDP for unspecified projects at the amounts of US \$68,300 and US \$29,054; and
 - (ii) World Bank for the following projects:
 - Thailand chiller project (THA/REF/26/INV/104) at the amount of US \$1,198,946;
 - Sweden bilateral (THA/HAL/29/TAS/120) at the amount of US \$225,985;
 - United States of America bilateral (CPR/PRO/44/INV/425) at the amount of US \$5,375,000; and
 - United States of America bilateral (CPR/PRO/47/INV/439) at the amount of US \$5,375,000.

15. Revised 2013, 2014 and 2015 and proposed 2016 budgets of the Fund Secretariat

Document UNEP/OzL.Pro/ExCom/71/62 contains a revision of the 2013, 2014 and 2015 as well as the proposed 2016 budgets of the Fund Secretariat submitted for consideration by the Executive Committee at its 71st meeting. The document provides information on relevant decisions and staffing matters with implication on the budgets.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee may wish to consider:

- (a) Taking note of the revised 2013, 2014 and 2015 and proposed 2016 budgets of the Fund Secretariat contained in document UNEP/OzL.Pro/ExCom/71/62;
- (b) Approving the revised 2013 budget to reflect transfers between budget lines 1101 and 1102 and transfers between BL 1333 and BL 1334, noting that the total budget of US \$7,067,547 remains at the same level as approved at the 68th meeting;
- (c) Approving the revised 2014 budget in the amount of US \$7,165,352 to reflect:
 - (i) An additional amount of US \$3,000,531 to cover the operational costs, on the understanding that in case an intersessional meeting is not conveyed in 2014, US \$135,000 would be returned to the Multilateral Fund; and
 - (ii) Approving the upgrade of posts 1301 and 1310 from G8 to P2 in 2014 at no extra cost in 2014;
- (d) Approving the revised 2015 budget totalling US \$4,346,538; and
- (e) Approving the proposed staff component costs of the 2016 budget totaling US \$4,476,934.

16. Recruitment process for the position of Chief Officer of the Multilateral Fund Secretariat (decision 70/27)

The Chair of the Executive Committee will provide a verbal report to the meeting on the process of the selection of the Chief Officer of the Multilateral Fund Secretariat as requested by decision 70/27(c).

17. Report of the Production Sector Sub-group

Document UNEP/OzL.Pro/ExCom/71/63 will be issued during the 71st meeting and will provide a report of the meeting of the Production Sector Sub-group to take place in the margins of the 71st meeting. The document will contain an account of the Sub-group's consideration of a provisional agenda, a draft HCFC production sector guidelines, a revised draft Agreement for the phase-out of production of HCFCs in China; the verification report on 2012 CFC production and the possible modification of the CFC production phase-out agreement to permit exemptions for the production of CFCs for essential uses approved for other Parties for 2014.

18. Other matters

If substantive issues are agreed for inclusion on agenda item 2(a), these will be taken up under this agenda item.

19. Adoption of the report

The Executive Committee will have in front of it the draft report of the 71st meeting for its consideration and adoption.

20. Closure of the meeting

The meeting is expected to be closed on Friday, 6 December 2013.
