



**MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

**Post meeting summary of the 76th meeting of the Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol**

Introduction

The 76th meeting of the Executive Committee, which took place in Montreal, Canada from 9 to 13 May 2016, was attended by the representatives of 14 of the Executive Committee member Parties and by participants co-opted from 18 other countries (see Annex I attached). Mr. Agustín Sánchez of Mexico presided over the meeting as Chair of the Executive Committee in 2016. The Executive Secretary and other staff members of the Ozone Secretariat, the President of the Implementation Committee under the Non-Compliance Procedure of the Montreal Protocol, members of the Technology and Economic Assessment Panel (TEAP), representatives of implementing agencies, UNEP as the Treasurer, and representatives from the Alliance for Responsible Atmospheric Policy and the Environmental Investigation Agency also attended the meeting.

The 76th meeting was the first of the two meetings per year scheduled for 2016 and the first meeting of the second year of the 2015 to 2017 triennium. Agenda items included the update on the status of implementation of the 2016-2018 consolidated business plan of the Multilateral Fund, the return of project balances and availability of resources, tranche implementation delays, country programme (CP) data and prospects for compliance, status reports and specific reports on projects, and a report on issues relating to the recording of disbursements and planned completion dates of tranches of a multi-year agreement (MYA) pursuant to decision 75/10(c). Monitoring and evaluation matters included the consolidated project completion report (PCR) and the report on the MYA database. A number of policy matters were considered including the calculation of the incremental costs for foam sector alternatives, the calculation of the level of incremental costs for the conversion of heat exchanger manufacturing lines in enterprises converting to HC-290 technology, the template for draft agreements for stage II of HCFC phase-out management plans (HPMPs), and the review of the operation of the Executive Committee. The Committee also considered matters relating to the reconciliation of the 2014 accounts and the budget of the Fund Secretariat. In the margins of the meeting, the Sub-group on the Production Sector discussed the draft HCFC production sector guidelines.

Project proposals submitted for consideration included stage II of HPMPs for seven countries, including that of China, tranches of approved HPMPs, renewals of IS projects, project preparation related to stage II of an HPMP, projects to demonstrate low-global warming potential (GWP) technologies pursuant to decision 72/40, and a survey on ODS alternatives for one country.

The Committee took a total of 57 decisions and approved investment projects and work programme activities for 55 countries with a value of just over US \$28.12 million, plus US \$2.04 million in agency support costs for bilateral and implementing agencies.

Status of contributions and disbursements¹ (decision 76/1)

As at 6 May 2016, the balance of the Multilateral Fund stood at US \$40,853,451 of which US \$26,556,642 was in cash and US \$14,296,809 in promissory notes. Thirty-six per cent of pledges for 2016 had been paid and the balance on the loss from the fixed-exchange-rate-mechanism (FERM) stood at US \$4.9 million. The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and requested the Secretariat to continue to follow up with the countries that had outstanding contributions for one triennium or more, and to report back to the 77th meeting.

Status of resources and planning

Report on balances and availability of resources² (decision 76/2)

Bilateral and implementing agencies returned balances of US \$867,120 (including agency support costs) to the 76th meeting. The Executive Committee noted that the balances held by the Governments of France, Germany and Italy would be offset against relevant bilateral projects approved at the 77th meeting, requested implementing agencies to return balances to the 76th or 77th meetings, for projects completed over two years previously, and requested bilateral and implementing agencies to disburse or to cancel commitments not needed for completed projects and projects completed “by decision of the Executive Committee” in order to return balances to the 77th meeting.

The Treasurer was requested to adjust the amount due in cash to the Multilateral Fund from the Governments of Israel and Portugal to reflect the balances associated with one project completed since December 2008 and one project completed since July 2011, respectively.

Update on the status of implementation of the 2016–2018 consolidated business plan of the Multilateral Fund³ (decision 76/3)

The Executive Committee noted the update on the status of implementation of the 2016–2018 consolidated business plan which indicated that US \$69 million worth of activities included in the business plan had not been submitted to the 76th meeting and that according to the cash flow analysis carried out, the FERM had generated a net loss of almost US \$15 million on received pledges, and possible additional losses of almost US \$35 million from outstanding contributions, based on the current exchange rates.

The Executive Committee also noted the revised 2016–2018 business plan provided by the Government of Germany and further noted, with appreciation, the reports on dialogues with national ozone units by UNDP, UNEP and UNIDO as requested by decision 75/16(b).

Tranche submission delays⁴ (decision 76/4)

Fifty-two out of 104 activities related to tranches of stage I of HPMPs that were due for submission to the 76th meeting had been submitted on time; six activities from four tranches had subsequently been withdrawn following discussion with the Secretariat. With the exception of one country, the late submission of the tranches of HPMPs due to the first meeting in 2016 would not have an impact, or

¹ UNEP/OzL.Pro/ExCom/76/3

² UNEP/OzL.Pro/ExCom/76/4

³ UNEP/OzL.Pro/ExCom/76/5, Add.1 and Add.1/Corr.1

⁴ UNEP/OzL.Pro/ExCom/76/6

was unlikely to have an impact, on compliance with the Montreal Protocol, and that there had been no indication that any of the countries concerned had been in non-compliance in 2014 with the 2013 freeze on HCFC consumption. As requested by the Executive Committee, the Secretariat would send letters to the countries with tranche submission delays inviting them to address outstanding issues so that the tranches could be submitted to the 77th or 78th meetings.

Programme implementation

Monitoring and evaluation (decisions 76/5 to 76/6)

Project completion reports (decision 76/5)

The Executive Committee noted the 2016 consolidated project completion report (PCR)⁵ and requested bilateral and implementing agencies to submit the backlog of PCRs for MYAs and individual projects to the 77th meeting; reasons should be provided for any PCRs due that were not submitted together with the schedule for their submission. Cooperating implementing agencies were urged to complete their portions of PCRs to allow the lead implementing agency to submit them according to the schedule.

With respect to lessons learned, bilateral and implementing agencies were urged to enter clear, well written and thorough lessons learned when submitting their PCRs, as they would appear in their submitted form in the online database of lessons learned⁶. The Committee invited 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.

Multi-year agreement database⁷ (decision 76/6)

The Executive Committee noted the the report on the MYA database report⁸ and requested the Senior Monitoring and Evaluation Officer to report back to the 77th meeting on the status of implementation of decision 75/6(b).

Country programme data and prospects for compliance⁹ (decision 76/7)

The Executive Committee noted that 108 of the 138 CP implementation reports for the year 2014 had been submitted through the web-based system and noted with appreciation, that 18 countries had submitted 2015 CP data eight weeks prior to the first meeting of the year in line with decision 74/9(b)(iv). As requested by the Executive Committee, the Secretariat would send letters to the governments of countries with outstanding 2014 country programme data reports urging them to submit the reports as soon as possible, noting that, without them, the relevant analyses of ODS

⁵ UNEP/OzL.Pro/ExCom/76/7 and Corr.1

⁶ The database of lessons learned from individual projects can be found at <http://www.multilateralfund.org/pcrindividual/search.aspx> that from MYAs can be found at <http://www.multilateralfund.org/myapcr/search.aspx>. A lessons learned database for HPMPs is under development.

⁷ UNEP/OzL.Pro/ExCom/76/8

⁸ The MYA database records relevant information associated with specific activities (investment and non-investment) of tranche implementation plans of an approved HPMP. Information would be entered into the database once the project funding was approved and updated whenever there was a change in funding. The database includes a mechanism to ensure that countries and bilateral and implementing agencies are in agreement on the information to be entered

⁹ UNEP/OzL.Pro/ExCom/76/9

consumption and production levels could not be undertaken by the Secretariat.

UNEP was requested to continue assisting the Governments of Burundi and Mauritania with respect to their licensing or quota systems for ODS and to report back to the 77th meeting.

With respect to the CP data report format, the Committee decided that countries should continue to use the existing CP data report format, but noted that sections B of the format, and specific elements in sections C and D were no longer needed, although data on regulatory, administrative and supportive actions in section B might be needed if there were further adjustments or chemicals added to the Montreal Protocol.

Status reports and reports on projects with specific reporting requirements¹⁰ (decisions 76/8 - 76/13)

The Secretariat would send letters of possible cancellation of two institutional strengthening (IS) projects, one ODS waste management and disposal project and a stage I of an HPMP. The Committee extended the completion dates of three projects (decision 76/8).

The Executive Committee considered a number of reports on the implementation of approved projects with reporting requirement including, the efforts made to facilitate the availability of pre-blended polyol systems with low-GWP domestically in the Dominican Republic; the 2016 progress report on the implementation of the HPMP for the Islamic Republic of Iran and the verification report on the country's 2015 HCFC consumption; and the verification report on HCFC consumption for 2013, 2014 and 2015 in Seychelles (decisions 76/9, 76/11 and 76/12).

The Executive Committee approved the request for an extension of the Agreement of stage I of the HPMP for the Dominican Republic and the corresponding Agreement with the Executive Committee, which had been updated (decision 76/10).

Bilateral and implementing agencies were invited to share the final report of the project "Promoting low-global warming potential refrigerants for air-conditioning sectors in high-ambient-temperature countries in West Asia (PRAHA)", when preparing projects in air-conditioning sectors in Article 5 countries with high ambient temperatures (decision 76/13).

Issues relating to the recording of disbursements and planned completion dates of tranches of a multi-year agreement (decision 76/14)

The Executive Committee requested bilateral and implementing agencies to establish a system, if one were lacking, to ensure that they were able to confirm whether the 20 per cent disbursement threshold of a tranche had been achieved, in line with decision 72/24(b), for all stage II and subsequent stages of HPMPs. The Committee also requested that agencies report the same funding disbursement data in the tranche requests and the annual progress reports, and indicate, when submitting the tranche requests of HPMPs, the "planned completion dates" that reflected when the activities in the tranche were expected to be completed. Any change to the planned completion date would have to be approved by the Executive Committee, while updates to latest planned completion dates of tranches would continue to be reported in annual progress reports.

The Executive Committee further noted the deletion of the "MYA spreadsheet" contained in the annual progress and financial report format as the information on activities and disbursements contained therein was also provided when reporting on the disbursement of funding tranches of the HPMPs.

¹⁰ UNEP/OzL.Pro/ExCom/76/12 & Corr.1

Project proposals

Policy issues¹¹

Requests for multiple delayed or future tranches of stage I of the HPMP (decision 76/16)

The Executive Committee urged bilateral and implementing agencies and Article 5 countries to implement approved tranches of HPMPs on time to avoid delays in the submission of future funding tranches. The Committee also requested them to ensure proper planning and distribution of the tranches for stage II of HPMPs to ensure efficient equipment procurement, taking into account relevant decisions of the Executive Committee, in particular the requirement to achieve disbursement of 20 per cent of the previous tranche and to allocate to the last tranche of the stage of the HPMP in question at least 10 per cent of the total funding approved in principle for the refrigeration servicing sector.

Any request for approval, at the same Executive Committee meeting, of two or more tranches of a stage of an HPMP, would be considered, on a case-by-case basis, noting the requirement for revised work and disbursement plans and agreements, and taking into account the availability of resources within the approved resource allocations for the years concerned.

Verification reports of LVC countries' compliance with their HPMP Agreements (decision 76/17)

Bilateral and implementing agencies were requested to include in their amendments to their work programmes for submission to the 77th meeting, funding for verification reports for stage I of the HPMPs for 17 LVC countries¹².

Project preparation funding for stages of HPMPs (decision 76/21(b))

In the context of the approval of project preparation for investment activities for stage II in one country, the Executive Committee reiterated that future funding requests to prepare stages of HPMPs for all countries should be submitted for the purpose of developing the entire stage and include all of the activities and bilateral and implementing agencies involved, in line with decision 71/42.

Project proposals (decisions 76/18 to 76/49)

The Executive Committee approved 107 investment projects and work programme activities in 55 countries at a total value of US \$30,160,016 (US\$28,120,182 plus agency support costs of US \$2,039,834).

Phase-out of HCFC consumption

The Executive Committee approved, in principle, funding of US \$38.2 million including agency support costs for stage II of the HPMPs for Chile, Indonesia, Pakistan, Panama, the Bolivarian Republic of Venezuela, and Viet Nam (decisions 76/37- 76/42). With regard to the stage II of the

¹¹ The overview of issues identified during project review is contained in documents UNEP/OzL.Pro/ExCom/76/12 and Corr.1.

¹² Benin, Cabo Verde, Chad, Ecuador, El Salvador, Grenada, Guyana, Jamaica, Kyrgyzstan, Liberia, Mozambique, Nepal, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Sierra Leone, Swaziland, and Zambia.

HPMP for China, and the accompanying six sector plans¹³, the Executive Committee approved, in principle, the solvent sector plan for the period 2016 to 2026 for the complete phase-out of all HCFCs in that sector (US \$44.8 million excluding agency support costs), and the refrigeration and air-conditioning servicing sector and enabling programme component for the period 2016 to 2020 to reduce HCFC consumption by 734.0 ODP tonnes (US \$20.29 million excluding agency support costs). The four remaining sector plans would be considered at the 77th meeting following intersessional consultations one day before the start of the 77th meeting which were intended to facilitate the Executive Committee's discussions on the remaining sector plans at that meeting (decision 76/43).

The Committee also approved a total of US \$17,478,190 (including agency support costs) for tranches of stage I of HPMPs for 27 countries¹⁴ and stage II of HPMPs for six countries. Project preparation for the HCFC phase-out investment activities in the foam sector of stage II of the HPMP for Argentina was approved on an exceptional basis.

Projects to demonstrate low-GWP technologies (decisions 76/22-76/36)

The Executive Committee approved 15 projects to demonstrate low-GWP technologies pursuant to decision 72/40 including: seven projects in the refrigeration and air-conditioning and assembly sub-sector (China, Costa Rica, Kuwait, Saudi Arabia (two), a global (Argentina and Tunisia) and a regional (West Asia¹⁵) project; five in the foam sector (Colombia, Egypt, Saudi Arabia, South Africa, Thailand); and three in the refrigeration servicing sector (Maldives, Europe and Central Asia region, and a global project (Eastern Africa and Caribbean regions)). The demonstration projects, including project preparation and the two projects approved at the 74th and 75th meeting, respectively, represented total funding of US \$9,883,076, which was within the US \$10 million envelope allocated in decision 72/40.

Other projects

Other projects approved included the extension of IS projects for 23 countries¹⁶ and a national survey of ODS alternatives in one country.

Calculation of the incremental capital costs and incremental operating costs for foam sector alternatives (decision 76/50)

The Executive Committee noted the document on the calculation of the incremental capital costs and incremental operating costs (IOCs) for foam sector alternatives¹⁷, which had been prepared pursuant to decision 75/28 to help address uncertainties regarding the IOCs for reduced HFO formulation due to the unknown quantity of co-blown water and other formulation changes. The report highlighted the

¹³ The sector plans of stage II of the HPMP for China included: extruded polystyrene foam, polyurethane foam, industrial and commercial refrigeration and air-conditioning, room air-conditioner manufacturing and heat pump water heaters, solvent, and refrigeration and air-conditioning servicing, with the enabling programme component.

¹⁴ Benin, Bhutan, Bosnia and Herzegovina, Cambodia, Cameroon, Chad, Chile, Congo, Djibouti, Ecuador, Ghana, Haiti, Honduras, Indonesia, Jamaica, Jordan, Madagascar, Mali, Saint Lucia, Sao Tome and Principe, Sierra Leone, South Africa, Sri Lanka, Tunisia, Turkmenistan, United Republic of Tanzania and Viet Nam.

¹⁵ The demonstration project in West Asia on promoting refrigerant alternatives for high ambient temperature countries referred to as PRAHA-II

¹⁶ Albania, Argentina, Armenia, Bahrain, Belize, Botswana, Brunei Darussalam, Ecuador, Egypt, Ghana, India, Iraq, Kiribati, Kuwait, the Lao People's Democratic Republic, Malawi, Mozambique, Nigeria, Sao Tome and Principe, South Sudan, Sri Lanka, Timor-Leste, and Tuvalu.

¹⁷ UNEP/OzL.Pro/ExCom/76/58

equipment needed, typical formulations, co-blowing agents (principally water), and the need for testing, trials and training.

Calculation of the level of incremental costs for the conversion of heat exchanger manufacturing lines in enterprises converting to HC-290 technology (decision 76/51)

The Executive Committee noted the document on the calculation of the level of incremental costs for the conversion of heat exchanger manufacturing lines in enterprises converting to HC-290 technology¹⁸, which was prepared pursuant to decision 75/43(f). A revised document would be submitted for consideration at the 77th meeting to address the technical and cost implications of reducing the tube diameter of the condenser from 7 mm to 5 mm while maintaining the same evaporator, and to provide further information on the estimated number of units required for each tool/equipment type when reducing the tube diameter, on the basis of a typical level of production by an enterprise in an Article 5 country.

Template for draft agreements for stage II of HCFC phase-out management plans¹⁹ (decision 76/52)

The Executive Committee approved the template for draft Agreements for stage II of HCFC phase-out management plans²⁰, and decided to allow flexibility to modify the Agreement between a Government and the Executive Committee in cases where a country was proposing total HCFC phase-out.

Reconciliation of the 2014 accounts (decision 76/53)

The Executive Committee noted the reconciliation of the 2014 accounts²¹ and the submission by UNEP of a revision to its progress report as at 31 December 2014. UNEP was requested to reconcile a number of items in the 2015 accounts.

Budget of the Fund Secretariat²² (decision 76/54)

The Executive Committee requested the Secretariat to revise the 2015, 2016, 2017 and 2018 budgets of the Fund Secretariat and to propose a 2019 budget, taking into consideration the outcome of the review by a United Nations classification officer of the job descriptions currently classified at the P-3 level, and to submit it to the 77th meeting.

Review of the operation of the Executive Committee²³ (decision 76/55)

The Executive Committee noted the main findings and conclusions of the Secretariat's review of the two-meetings-per-year regime in 2014 and 2015, and issues linked to the accountability of implementing agencies raised at the 75th meeting in the context of discussions on the main procedures of the operation of the Executive Committee. Consideration of the number, timing and agenda of meetings, and on the deadlines for submission of documents was deferred to the 77th meeting.

¹⁸ UNEP/OzL.Pro/ExCom/76/59

¹⁹ UNEP/OzL.Pro/ExCom/76/60

²⁰ Annex XIX of document UNEP/OzL.Pro/ExCom/76/66: the draft template is available in Microsoft Word format from the Fund Secretariat and/or implementing agencies.

²¹ UNEP/OzL.Pro/ExCom/76/61

²² UNEP/OzL.Pro/ExCom/76/62

²³ UNEP/OzL.Pro/ExCom/76/63

Draft report of the Executive Committee to the Twenty-eighth meeting of the Parties to the Montreal Protocol²⁴ (decision 76/56)

The Executive Committee authorized the Secretariat to finalize the report of the Executive Committee to the Twenty-eighth Meeting of the Parties to the Montreal Protocol in the light of the discussions held and decisions taken at the 76th meeting and, following clearance by the Chair, to submit it to the Ozone Secretariat.

Production sector²⁵ (decision 76/57)

The Sub-group met once in the margins of the 76th meeting to discuss the draft HCFC production sector guidelines. As there was no agreement on the guidelines the draft HCFC production sector guidelines would be considered at the 77th meeting.

Date and venue of the 78th meeting of the Executive Committee²⁶

The Executive Committee agreed to defer the decision on the dates and venue of the 78th meeting until its 77th meeting²⁷.

Publication of meeting documents on the website of the Secretariat

The Secretariat would review the matter regarding the posting of pre-session documents in PDF and Microsoft Word format and make every effort to upload documents in both formats at least four weeks prior to future meetings.

Report of the 76th meeting

A complete record of all decisions made at the 76th meeting can be found in the “Report of the Seventy-sixth meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/76/66) which is published on the Multilateral Fund’s website (www.multilateralfund.org). The report is available in Arabic, Chinese, English, French, Russian, and Spanish.

²⁴ UNEP/OzL.Pro/ExCom/76/64

²⁵ UNEP/OzL.Pro/ExCom/76/65

²⁶ UNEP/OzL.Pro/ExCom/76/Inf.2

²⁷ The 77th meeting would take place in Montreal from 28 November to 2 December 2016 (decision 75/75).

Annex I
Attendance at the 76th meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non-Article 5	
Austria (Vice-Chair)	Finland and Sweden
Canada	Australia
Belgium	Netherlands (the)
Germany	France, Italy, United Kingdom of Great Britain and Northern Ireland (the)
Japan	
Russian Federation (the)	
United States of America (the)	
Article 5	
Argentina	Brazil, Chile, Colombia, and Uruguay
Cameroon	
China	Samoa and Viet Nam
Egypt	Nigeria
India	Bahrain and Indonesia
Jordan	Kuwait
Mexico (Chair)	Haiti