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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-seventh Meeting  
Montreal, 28 November - 2 December 2016

**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/77/1 contains the provisional agenda for the 77<sup>th</sup> meeting of the Executive Committee.

Issues to be addressed: None

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/77/1 and, if necessary, 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/77/2 presents a report on the activities of the Secretariat since the 76<sup>th</sup> meeting of the Executive Committee.

Issues to be addressed: None

The Executive Committee may wish to take note of the Secretariat activities contained in document UNEP/OzL.Pro/ExCom/77/2.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

#### **4. Status of contributions and disbursements**

Document UNEP/OzL.Pro/ExCom/77/3 provides information on the status of the Fund as recorded at UNEP as at 10 November 2016. The fund balance stood at US \$103,473,353, after taking into account all of the funds approved by the Executive Committee, up to and including the 76<sup>th</sup> meeting.

Issues to be addressed:

- Reflecting countries' payments in the year that payments are made in the invoices issued by the Treasurer

The Executive Committee may wish:

- (a) To note the report by the Treasurer on the status of contributions and disbursements and the information on promissory notes, and the countries that opted to use the fixed-exchange rate mechanism during the 2015-2017 triennium as contained in document UNEP/OzL.Pro/ExCom/77/3;
- (b) To urge all Parties to pay their contributions to the Multilateral Fund in full and as early as possible;
- (c) To note with appreciation the Government of Belarus' intent to start paying their contributions in 2016, and that the 2016 payment would not be associated with prior years' outstanding contributions of Belarus;
- (d) To request the Treasurer to issue invoices reflecting payments in the year payments were made; and
- (e) To request the Chief Officer and the Treasurer to continue following up on the outstanding contributions from contributing parties with outstanding contribution of one triennium or more and to report back to the 78<sup>th</sup> meeting of the Executive Committee.

#### **5. Status of resources and planning**

**(a) Report on balances and availability of resources**

Document UNEP/OzL.Pro/ExCom/77/4 presents a summary of the funds being returned by the bilateral and implementing agencies. It includes data from all projects with balances that have been held for over 12-month following completion of the project, and addresses balances to be returned against "by-decision" projects. An update on the balance and availability of resources will be provided at the 77<sup>th</sup> meeting.

Issue to be addressed:

- Insufficient resources available for the approval of project proposals submitted to the 77<sup>th</sup> meeting

The Executive Committee may wish:

- (a) To note:

- (i) The report on balances and availability of resources contained in document UNEP/OzL.Pro/ExCom/77/4;
  - (ii) That the net level of funds being returned to the 77<sup>th</sup> meeting by the implementing agencies was US \$863,471, consisting of US \$244,115, plus agency support costs of US \$17,643 from UNDP; US \$126,301, plus agency support costs of US \$17,643 from UNEP; US \$42,829, plus agency support costs of US \$2,664 from UNIDO; and US \$411,441 of agency support costs of from the World Bank;
  - (iii) That the net level of funds being returned to the 77<sup>th</sup> meeting by the bilateral agencies was US \$66,266, consisting of US \$59,486, plus agency support costs of US \$6,544, from the Government of Italy, and US \$209, plus agency support costs of US \$27, from the Government of Japan;
  - (iv) That UNEP had balances of US \$138,818, excluding support costs for nine projects completed over two years previously;
  - (v) That UNIDO had balances of US \$137,311, excluding support costs for one project completed over two years previously;
  - (vi) That the Government of Germany's not-committed balances for one completed and two ongoing projects, totaling US \$1,989 and US \$149,090, respectively, including agency support costs, would be offset against bilateral projects submitted to the 77<sup>th</sup> meeting, if they were approved by the Executive Committee;
  - (vii) That the Government of Italy's not-committed balances for four completed projects, totaling US \$17,327, including agency support costs, would be returned in cash subject to update from the Government of Italy to the 77<sup>th</sup> meeting;
  - (viii) That the Government of Spain's balances for two completed projects over two years, totaling US \$15,600 in agency support costs, would be offset against bilateral projects that would be submitted to a future meeting;
- (b) To request:
- (i) Bilateral and implementing agencies with projects completed over two years previously to return the balances to the 78<sup>th</sup> meeting;
  - (ii) Bilateral and implementing agencies to disburse or to cancel commitments not needed for completed projects and project completed "by-decision" of the Executive Committee in order to return balances to the 78<sup>th</sup> meeting; and
  - (iii) UNEP to return not-committed balance to the 78<sup>th</sup> meeting.

**(b) Update on the implementation of the 2016-2018 business plans**

Documents UNEP/OzL.Pro/ExCom/77/5 and Add.1 present a summary of the 2016-2018 business plan, the status of implementation of the 2016 business plan in the light of approvals at the 76<sup>th</sup> meeting and submissions to the 77<sup>th</sup> meeting, and the resulting impact on resource allocation for business planning and the 2015-2017 triennium budget. Addendum 1 presents an update on the total funding submitted by bilateral and implementing agencies to the 77<sup>th</sup> meeting as at 14 November 2016 with the funding levels as recommended; and resource allocation for 2016 and 2017 based on recommendations and forward commitments associated with new

stages I and II of HCFC phase-out management plans.

Issues to be addressed:

- The value of the activities submitted to the 77<sup>th</sup> meeting exceeds the business plan by US \$47,448,806

The Executive Committee may wish to note the update on the status of implementation of the 2016-2018 consolidated business plan of the Multilateral Fund contained in documents UNEP/OzL.Pro/ExCom/77/5 and Add.1.

**(c) Tranche submission delays**

Document UNEP/OzL.Pro/ExCom/77/6 presents actions taken by the Secretariat in response to decisions on tranche submission delays adopted at the 76<sup>th</sup> meeting; an analysis of each of the tranches that were not submitted to the 77<sup>th</sup> meeting; and an analysis of tranches that were submitted to the 77<sup>th</sup> meeting but were subsequently withdrawn.

Issues to be addressed:

- Forty-nine activities with tranches of stage I of HPMPs for 29 countries due for submission to the 77<sup>th</sup> meeting that were not submitted
- Reasons for delays included: 20 per cent disbursement threshold; sufficient funds from previous tranche; government decisions; endorsements; changes in NOU; verification report; lead agency not ready for submission; investment component implementation; security issues; signing of agreement; and delays from previous tranche
- Tranches from one country were submitted but subsequently withdrawn due to lack of agreement on costs related to changes in consumption data
- No impact or unlikely any impact on compliance resulting from the late submission of these tranches indicated by the relevant bilateral or implementing agencies except for one country that is experiencing internal difficulties but its tranche is not expected for submission until the 79<sup>th</sup> meeting

The Executive Committee may wish:

(a) To note:

- (i) The report on tranche submission delays contained in document UNEP/OzL.Pro/ExCom/77/6;
- (ii) The information on tranche submission delays under HCFC phase-out management plans (HPMPs) submitted by UNDP, UNEP and UNIDO;
- (iii) That 42 out of 91 activities related to tranches of HPMPs due for submission to the 77<sup>th</sup> meeting had been submitted on time and that two of those tranches were withdrawn following discussion with the Secretariat;
- (iv) That relevant implementing agencies indicated that the late submission of the tranches of HPMPs due for the last meeting of 2016 would have no impact, or was unlikely to have an impact on compliance with the Montreal Protocol except for one country, and that there had been no indication that any of these countries concerned were in non-compliance in 2014 for the 2013 freeze of HCFC

consumption or the 10 per cent reduction in 2015 for those countries that have reported 2015 data; and

- (b) To request the Secretariat to send letters on the decisions on tranche submission delays to relevant Governments as indicated in Annex I to document UNEP/OzL.Pro/ExCom/77/6.

## 6. Programme implementation

### (a) Monitoring and evaluation

#### (i) 2016 consolidated project completion report

Document UNEP/OzL.Pro/ExCom/77/7 presents an overview of the results reported in the multi-year agreement (MYA) project completion reports (PCRs) and the individual PCRs received up to 20 October 2016, and the schedules for the submission of MYA PCRs and individual PCRs in 2017.

Issues to be addressed:

- PCRs that are due for submission

The Executive Committee may wish:

- (a) To take note of the 2016 consolidated project completion report (PCR) contained in document UNEP/OzL.Pro/ExCom/77/7;
- (b) To urge bilateral and implementing agencies to submit to the 78<sup>th</sup> meeting the backlog of PCRs for multi-year agreements (MYAs) and individual projects, and if the PCRs due were not submitted, to provide the reasons for not doing so, and the schedule for submission;
- (c) To urge cooperating implementing agencies to complete their portion of PCRs to allow the lead implementing agency to submit them according to the schedule;
- (d) To urge bilateral and implementing agencies to enter clear, well written and thorough lessons when submitting their PCRs; and
- (e) To invite all those involved in the preparation and implementation of MYAs and individual projects to take into consideration the lessons learnt from PCRs when preparing and implementing future projects.

#### (ii) Multi-year agreement database report (decision 76/6(b))

Document UNEP/OzL.Pro/ExCom/77/8 provides a report on follow-up to decision 76/6(b) and describes the new database, the Inventory of enterprises, and the process by which it will be updated as required.

Issues to be addressed: None

The Executive committee may wish:

- (a) To note the multi-year agreement (MYA) database report (decision 76/6(b)) contained in document UNEP/OzL.Pro/ExCom/77/8;

- (b) To further note that bilateral and implementing agencies are currently inputting the relevant information in the Inventory of enterprises database of all HCFC-based enterprises that have been funded by the Multilateral Fund, and that the database will be updated following each meeting of the Executive Committee when new enterprises have been approved for conversion, or when information related to an enterprise has changed; and
- (c) To request the Senior Monitoring and Evaluation Officer to report back to a future meeting of the Executive Committee in case the Executive Committee would require to address any issue concerning the Inventory of enterprises database.

**(iii) Final report on the evaluation of HCFC phase-out projects in the refrigeration and air-conditioning manufacturing sector**

Document [UNEP/OzL.Pro/ExCom/77/9](#) summarizes the key findings and conclusions of the second phase of the evaluation of HCFC phase-out projects in the refrigeration and air-conditioning (RAC) manufacturing sector, based on field missions to eight countries where several manufacturing enterprises were visited. It includes lessons learned and a recommendation for consideration of the Executive Committee.

Issues to be addressed: None

The Executive Committee may wish:

- (a) To take note of the final report on the evaluation of the HCFC phase-out projects in the refrigeration and air-conditioning manufacturing sector contained in document [UNEP/OzL.Pro/ExCom/77/9](#); and
- (b) To invite the bilateral and implementing agencies to apply, when appropriate, the findings and recommendations of the evaluation of the HCFC phase-out projects in the refrigeration and air-conditioning manufacturing sector in the implementation of projects including stage II of the HPMPs.

**(iv) Draft monitoring and evaluation work programme for the year 2017**

Document [UNEP/OzL.Pro/ExCom/77/10](#) includes the draft Monitoring and Evaluation work programme for 2017, which has been based on discussions by the Executive Committee on issues pertaining to monitoring and evaluation during previous meetings; the review of progress reports of on-going projects and project completion reports; and on discussions with implementing agencies and the Secretariat. Annex I and II include the terms of reference for the proposed desk study on the evaluation of institutional strengthening (IS) projects and the second phase of the evaluation of the chiller projects, respectively.

Issues to be addressed: None

The Executive Committee may wish to consider approving the proposed monitoring and evaluation work programme for 2017, at a budget of US \$192,749, as shown in Table 2 of document [UNEP/OzL.Pro/ExCom/77/10](#).

**(b) Progress report as at 31 December 2015****(i) Consolidated progress report**

Document [UNEP/OzL.Pro/ExCom/77/11](#) summarises the progress and financial information on the implementation of projects and activities supported by the Fund up to 31 December 2015. The report consists of three parts and three annexes: Part I is a summary of implementation progress for the Multilateral Fund (cumulative); Part II is a summary of project implementation progress in 2015; and Part III contains comments and recommendations made by the Secretariat. Annex I contains project implementation data by country. Annex II presents information on HPMP implementation by country as at 31 December 2015. Annex III is an analysis of data from the progress reports and includes Appendix I containing projects with implementation delays and Appendix II containing the list of projects with additional status reports recommended.

Issues to be addressed:

- Reports on implementation delays
- Additional status reports
  - Pilot demonstration projects for ODS disposal
  - Global chiller project
  - Project preparation activities for HPMPs
- Completion of surveys of ODS alternatives
- More than two ongoing institutional strengthening projects in a country
- Estimation of latest planned completion date
- Disbursement data in the annual progress and financial reports
- Data for the servicing sector analysis

The Executive Committee may wish:

- (a) To note:
- (i) The consolidated progress report of the Multilateral Fund as at 31 December 2015 contained in document [UNEP/OzL.Pro/ExCom/77/11](#);
  - (ii) With appreciation, the efforts undertaken by bilateral and implementing agencies in reporting the 2015 activities;
  - (iii) That the bilateral and implementing agencies would report to the 78<sup>th</sup> meeting on 16 projects with implementation delays and 119 projects recommended for additional status reports, as contained in Appendices I and II, respectively, of Annex III to document [UNEP/OzL.Pro/ExCom/77/11](#);
- (b) To consider whether to extend the approved completion dates for the following projects:
- (i) CTC phase-out plan in India (IND/PHA/71/INV/451, IND/PHA/71/TAS/448, and IND/PHA/75/INV/464), to November 2017;
  - (ii) ODS multi-year agreement in Yemen, to December 2018, or to cancel the tranches and reactivate the project only once conditions in the country improve;
  - (iii) Methyl bromide project in China, to December 2018 to allow for the submission of one project completion report for both the consumption and production sectors, noting that activities in the consumption sector have been completed and

unused funds should be returned by 31 December 2016;

- (c) To request bilateral and implementing agencies:
- (i) To submit annual reports for all pilot demonstration projects for ODS disposal starting from the 78<sup>th</sup> meeting as projects with specific reporting requirements until these projects are completed;
  - (ii) To submit reports for all ongoing chiller projects starting from the 78<sup>th</sup> meeting as projects with specific reporting requirements until these projects are completed;
  - (iii) To report project preparation activities completed once the HCFC phase-out management plan (HPMP) is approved by the Executive Committee and to return fund balances from the preparation activities no later than 12 months after the approval of the HPMP;
- (d) To request implementing agencies to revise their progress report disbursement data for the following tranches of HPMPs, as appropriate, to be in line with decision 76/14(b): BAH/PHA/68/TAS/28 (UNEP); BRA/PHA/73/INV/306 and BRA/PHA/74/INV/307 (UNDP); CHI/PHA/71/INV/179 (UNDP); CHI/PHA/71/TAS/180 (UNEP); CPR/PHA/75/INV/563 and CPR/PRO/74/INV/561 (World Bank); IDS/PHA/64/INV/191 and IDS/PHA/71/INV/202 (World Bank); MEX/PHA/71/INV/168 (UNDP); and THA/PHA/68/INV/161 and THA/PHA/68/INV/162 (World Bank);
- (e) To urge bilateral and implementing agencies to take appropriate actions to complete and submit the reports of the surveys of ODS alternatives by January 2017 to enable the Secretariat to provide an analysis of the results of such surveys for consideration of the Executive Committee at its 78<sup>th</sup> meeting, in line with decision 74/53(h);
- (f) To decide:
- (i) That no more than two institutional strengthening projects should be ongoing at the same time;
  - (ii) That projects where 100 per cent of the funds have been reported disbursed should be completed within one year from the time when full disbursements are reported; and
  - (iii) To reiterate that latest planned completion dates in annual progress reports should represent the agency's best estimation of the expected completion date and that project completion reports should continue to be provided by agreement or project approval as applicable without combining reports from different agreements or approvals.
- (ii) Bilateral agencies**

Document UNEP/OzL.Pro/ExCom/77/12 contains a summary of implementation progress for all bilateral activities and information and comments on the individual progress reports on activities up to 31 December 2015 implemented under bilateral cooperation by: Australia, Germany, Italy, Japan and Spain. A progress report has not been received from France.



Issues to be addressed:

- Progress reports not submitted by France

The Executive Committee may wish:

- (a) To note:
- (i) With appreciation the progress reports submitted by the Governments of Australia, Germany, Italy, Japan and Spain contained in document UNEP/OzL.Pro/ExCom/77/12;
  - (ii) That the bilateral agencies would report to the 78<sup>th</sup> meeting on one project with implementation delays and on four projects recommended for additional status reports, as indicated in Appendices I and II, respectively, of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11); and
- (b) To request the Government of France to provide its progress report to the 78<sup>th</sup> meeting.

**(iii) UNDP**

Document UNEP/OzL.Pro/ExCom/77/13 contains a summary of implementation progress for UNDP for activities up to 31 December 2015 and the comments and recommendations of the Secretariat on the report.

Issues to be addressed:

- Implementation delays (one project)
- Additional status reports
- Completion date of RMP for Maldives

The Executive Committee may wish:

- (a) To note:
- (i) The progress report of UNDP as at 31 to December 2015 contained in document UNEP/OzL.Pro/ExCom/77/13;
  - (ii) That UNDP would report to the 78<sup>th</sup> meeting on one project with implementation delays and on 11 projects recommended for additional status reports, as indicated in Appendices I and II, respectively, of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11); and
- (b) To assign a completion date of December 2015 and to request that any remaining balances should be returned to the 78<sup>th</sup> meeting for the refrigerant management plan in Maldives (MDV/REF/38/TAS/05).

**(iv) UNEP**

Document UNEP/OzL.Pro/ExCom/77/14 contains a summary of implementation progress for UNEP for activities up to 31 December 2015 and the comments and recommendations of the Secretariat on the report.

Issues to be addressed:

- Implementation delays (four projects)
- Additional status reports
- Completion date and return of remaining balances for:
  - Refrigerant management plan in Maldives
  - Technical assistance to phase out the use of MB in Trinidad and Tobago

The Executive Committee may wish:

- (a) To note:
- (i) The progress report of UNEP as at 31 December 2015 contained in document UNEP/OzL.Pro/ExCom/77/14;
  - (ii) That UNEP would report to the 78<sup>th</sup> meeting on four projects with implementation delays and on 61 projects recommended for additional status reports, as indicated in Appendices I and II, respectively, of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11);
- (b) To assign a completion date of December 2015 and to request that any remaining balances should be returned to the 78<sup>th</sup> meeting for the following projects:
- (i) Refrigerant management plan in Maldives (MDV/REF/38/TAS/05); and
  - (ii) Technical assistance to phase out the use of methyl bromide in Trinidad and Tobago (TRI/FUM/65/TAS/28).
- (v) **UNIDO**

Document UNEP/OzL.Pro/ExCom/77/15 contains a summary of implementation progress for UNIDO for activities up to 31 December 2015 and the comments and recommendations of the Secretariat on the report.

Issues to be addressed:

- Implementation delays (nine projects)
- Additional status reports
- Extensions of the approved dates of completion for CFC phase-out projects in Iraq and Yemen
- Cancellation of projects
  - Project preparation in the fumigants sector (high-moisture dates) in Algeria
  - Technical assistance for the total phase-out of methyl bromide in tobacco, cut flowers, horticulture and post-harvest uses in Zambia

The Executive Committee may wish:

- (a) To note:
- (i) The progress report of UNIDO as at 31 December 2015 contained in document UNEP/OzL.Pro/ExCom/77/15;

- (ii) That UNIDO would report to the 78<sup>th</sup> meeting on nine projects with implementation delays and on 36 projects recommended for additional status reports, as indicated in Appendices I and II, respectively, of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11);
  - (iii) The delays in implementing the CFC activities in Iraq and Yemen;
- (b) To cancel the following projects:
- (i) Project preparation in the fumigants sector (high-moisture dates) in Algeria (ALG/FUM/72/PRP/80) and to request the return of the funds balance no later than the 79<sup>th</sup> meeting; and
  - (ii) Technical assistance for the total phase-out of methyl bromide in tobacco, cut flowers, horticulture and post-harvest uses in Zambia (ZAM/FUM/56/INV/21) if the project was not completed by December 2016.
- (vi) World Bank**

Document UNEP/OzL.Pro/ExCom/77/16 contains a summary of implementation progress for the World Bank for activities up to 31 December 2015 and the comments and recommendations of the Secretariat on the report.

Issues to be addressed:

- Request for specific report on the delay of the global chiller project (also considered in the Consolidated progress report (UNEP/OzL.Pro/ExCom/77/11))
- Implementation delays (one project)
- Additional status reports

The Executive Committee may wish:

- (a) To note:
    - (i) The progress report of the World Bank as at 31 December 2015 contained in document UNEP/OzL.Pro/ExCom/77/16; and
    - (ii) That the World Bank would report to the 78<sup>th</sup> meeting on one project with implementation delays and on seven projects recommended for additional status reports, as indicated in Appendices I and II, respectively, of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11).
- (c) Evaluation of the implementation of the 2015 business plans**

Document UNEP/OzL.Pro/ExCom/77/17 presents the evaluation of the 2015 business plans of the implementing agencies with respect to the performance targets set in the 2015 business plans and the agencies' progress and financial reports submitted to the 77<sup>th</sup> meeting. It also presents a trend analysis for each of the eight performance indicators used in previous years' evaluations and the results of the qualitative assessment of the performance of implementing agencies based on input received from NOU officers.

Issues to be addressed:

- Quantitative assessment showed that all agencies achieved over 72 per cent of their targets or more
- The trend analysis of eight performance indicators for investment projects indicated improvements in most indicators in 2015 from 2014
- UNDP, UNEP and UNIDO should further consider “fund disbursement” targets for non-investment project in their future business plan taking into account their 2016 performance for that indicator
- Reports on dialogues between representatives of national ozone units (NOUs) and one bilateral agency on assessments that received less than satisfactory qualitative ratings

The Executive Committee may wish:

- (a) To note:
- (i) The evaluation of the implementing agencies’ performance against their 2015 business plans as contained in document UNEP/OzL.Pro/ExCom/77/17;
  - (ii) That all implementing agencies had a quantitative assessment of their performance for 2015 at least at 72 per cent on a scale of 100;
  - (iii) That the trend analysis performance had improved in 2015 in relation to 2014; and
- (b) To request the Government of Germany to report to the 78<sup>th</sup> meeting on their open and constructive discussion with the national ozone unit of Namibia on the issues identified in the qualitative performance assessment with respect to the implementation of the HCFC phase-out management plan for Namibia.

**(d) Country programme data and prospects for compliance**

Document UNEP/OzL.Pro/ExCom/77/18 contains the status of, and prospects of, compliance of Article 5 countries (Part I); addresses Article 5 countries that are subject to decisions of the Parties on compliance (Part II); and contains an analysis of data on the implementation of country programmes (CPs) for HCFCs (Part III).

Issues to be addressed:

*For Part I: Status of, and prospects of, compliance of Article 5 countries*

- Mauritania has not included the accelerated HCFC control measures in its licensing and quota system
- Burundi has not been able to finalize its formal quota system

*For Part II: Article 5 countries that are subject to decisions on compliance*

- None

*For Part III: Data on the implementation of country programmes (CP) for HCFCs*

- Data discrepancies between CP reports and Article 7 data

The Executive Committee may wish:

- (a) To note:
- (i) The document on country programme (CP) data and prospects for compliance contained in UNEP/OzL.Pro/ExCom/77/18;
  - (ii) That 109 of the 131 countries that had submitted 2015 CP data had done so using the web-based system;
  - (iii) The explanations provided by UNDP and UNEP on the uses of HCFCs as process agents pursuant to decision 76/7(e);
- (b) To request:
- (i) UNEP to continue assisting the Government of Mauritania in finalizing the amendment of its licensing system to include the accelerated control measures for HCFCs; and the Government of Burundi in finalizing the formal HCFC quota system, and to report to the 78<sup>th</sup> meeting on its efforts in that respect;
  - (ii) Relevant bilateral and implementing agencies to assist Article 5 countries in addressing data discrepancies between the 2015 CP and Article 7 reports; and
  - (iii) The Secretariat to send letters to the governments of countries with outstanding 2014 and 2015 CP data reports urging them to submit the reports as soon as possible, noting that, without them, the relevant analyses of ODS consumption and production levels could not be undertaken by the Secretariat.

**(e) Reports on projects with specific reporting requirements**

Document UNEP/OzL.Pro/ExCom/77/19 contains three parts: Part I on progress reports related to HPMPs including those for the stage I of HPMPs for China, India, Jordan, and Mexico which are contained in the relevant project proposal document submitted to the 77<sup>th</sup> meeting<sup>1</sup>; Part II on the financial audit reports for the halon, CFC production, foam, process agent II, solvent and CFC refrigeration servicing sectors in China; and Part III on methyl bromide projects.

***Part I: Progress reports related to HCFC-out management plans***

*Transfer of the implementation of the first and second tranche of the HCFC phase-out management plan for Afghanistan (decision 76/8(a)(iii))*

Issues to be addressed:

- Germany will provide an update at the meeting

The Executive Committee may wish: Pending

*Report on the status of implementation of the conversion of Audivic and Foxman, stage I of the HPMP for Argentina (UNIDO)*

Issues to be addressed: None

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<sup>1</sup> Documents UNEP/OzL.Pro/ExCom/77/37 (China), UNEP/OzL.Pro/ExCom/77/49 (India), UNEP/OzL.Pro/ExCom/77/51 (Jordan), and UNEP/OzL.Pro/ExCom/77/55 (Mexico), respectively

The Executive Committee may wish:

- (a) To note:
  - (i) The progress report on the status of implementation of the conversion of Audivic and Foxman in Argentina, submitted by UNIDO;
  - (ii) That the room air-conditioning (AC) manufacturing project included in stage I of the HCFC phase-out management plan has been completed, resulting in the phase-out of 53.5 ODP tonnes of HCFC-22;
  - (iii) That the enterprises Audivic and Foxman ceased manufacturing HCFC-22-based-AC equipment resulting in an overall balance of US \$500,636; and
- (b) To request UNIDO to return to the Multilateral Fund at the 78<sup>th</sup> meeting the balance of US \$547,973 consisting of US \$322,644, plus agency support cost of US \$24,198 for UNIDO, and US \$177,992, plus agency support cost of US \$23,139 for the Government of Italy.

*Stage I of the HPMP for Brazil (annual progress report) (UNDP)*

Issues to be addressed: None

The Executive Committee may wish:

- (a) To take note of the 2016 progress report on the implementation of the HCFC phase-out management plan (stage I) for Brazil, submitted by UNDP;
- (b) To request UNDP to include in the next progress report to be submitted to the last Executive Committee meeting in 2017:
  - (i) The complete list of downstream foam enterprises assisted by the Multilateral Fund under stage I, including their HCFC-141b consumption phased out, subsector, baseline equipment and technology adopted; and
  - (ii) The status of implementation of the conversion of the enterprises Ecopur and Panisol, on the understanding that the remaining funds from the conversion of Ecopur will be returned to the Multilateral Fund, in the event that the enterprise should withdraw from the project.

*Stage I of the HPMP for China (2015-2016 progress report) (extruded polystyrene foam sector plan) (UNIDO)*

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Noting the 2016 progress report on the implementation of the fifth tranche of the extruded polystyrene (XPS) foam sector plan of stage I of the HCFC phase-out management plan (HPMP) for China submitted by UNIDO; and

- (b) Requesting the Treasurer to offset future transfers to UNIDO by US \$24,945, representing additional interest accrued by the Government of China up to December 2015 from funds previously transferred for the implementation of the XPS foam sector plan for China, as per decision 69/24.

*Stage I of the HPMP for China (2015-2016 progress report) (polyurethane rigid foam sector plan) (World Bank)*

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Noting the 2016 progress report on the implementation of the fifth tranche of the polyurethane rigid (PU) foam sector plan of stage I of the HCFC phase-out management plan (HPMP) in China submitted by the World Bank; and
- (b) Requesting the Treasurer to offset future transfers to the World Bank by US \$3,443, representing interest accrued by the Government of China up to 31 December 2015 from funds previously transferred for the

*Stage I of the HPMP for China (2015-2016 progress report) (industrial and commercial refrigeration and air conditioning sector plan) (UNDP)*

Issues to be addressed:

- Temporary use of manufacturing lines that were converted to HFC-32 for the production of HFC-410A-based equipment

The Executive Committee may wish to consider:

- (a) Noting the 2016 progress report on the implementation of the fifth tranche of the industrial and commercial refrigeration (ICR) sector plan of stage I of the HCFC phase-out management plan (HPMP) in China submitted by UNDP;
- (b) Requesting the Treasurer to offset future transfers to UNDP by US \$103,708, representing additional interest accrued by the Government of China up to December 2015 from funds previously transferred for the implementation of the ICR sector plan for China, as per decision 69/24; and
- (c) Requesting UNDP to report to the Executive Committee on the status of manufacturing R-410A-based equipment on the converted lines at Dunan Environment at each meeting until the converted lines produce only HFC-32-based equipment.

*Stage I of the HPMP for China (2015 verification, 2015-2016 progress report) (room air-conditioner manufacturing sector plan) (UNIDO)*

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Noting the 2016 progress report on the implementation of the fifth tranche of the

room-air-conditioning (RAC) sector plan of stage I of the HCFC phase-out management plan (HPMP) in China submitted by UNIDO; and

- (b) Requesting the Treasurer to offset future transfers to UNIDO by US \$62,305, representing additional interest accrued by the Government of China up to December 2015 from funds previously transferred for the implementation of the RAC sector plan for China, as per decision 69/24.

*Stage I of the HPMP for China (2015-2016 progress report and 2017 work programme) (solvent sector plan) (UNDP)*

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Noting the 2016 progress report on the implementation of the third tranche of stage I of the solvent sector plan of stage I of the HCFC phase-out management plan (HPMP) in China submitted by UNDP; and
- (b) Requesting the Treasurer to offset future transfers to UNDP by US \$2,656, representing additional interest accrued by the Government of China up to December 2015 from funds previously transferred for the implementation of the solvent sector plan for China, as per decision 69/24.

*Stage I of the HPMP for China) (2015-2016 progress report) (refrigeration servicing sector including enabling programme) (UNEP)*

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Noting the 2016 progress report on the implementation of the fifth tranche of stage I of the refrigeration servicing sector plan and the national enabling programme of stage I of the HCFC phase-out management plan (HPMP) in China submitted by UNEP; and
- (b) Requesting the Treasurer to offset future transfers to UNEP by US \$663, representing additional interest accrued by the Government of China up to December 2015 from funds previously transferred for the implementation of the servicing sector plan and enabling activities for China, as per decision 69/24.

*Stage I of the HPMP for India (stage I) (2015 verification, 2015-2016 progress report) (UNDP)*

Issues to be addressed: None

The Executive Committee may wish: to take note of the 2015-2016 progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan for India and the verification report on the 2015 HCFC consumption, submitted by UNDP.

*Stage I of the HPMP for Jordan (2015-2016 progress report and 2015 verification report) (UNIDO)*

Issues to be addressed: None



The Executive Committee may wish: to take note of the 2016 progress report on the implementation of second tranche of stage I of the HCFC phase-out management plan for Jordan and the verification report on the 2015 HCFC consumption, submitted by UNIDO.

*Stage I of the HPMP for Mexico (2016 progress report) (UNIDO)*

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Noting:
  - (i) The 2016 progress report on the implementation of stage I of the HCFC phase-out management plan (HPMP) for Mexico submitted by UNIDO;
  - (ii) With appreciation that the polyurethane (PU) foam sector plan is being completed at a lower cost than originally approved, resulting in savings to be assessed once the sector plan has been completed;
  - (iii) That UNDP and the Government of Mexico could resubmit the proposal to reallocate savings from the PU foam sector to an investment project to phase-out the use of HCFC-142b in the extruded polystyrene (XPS) foam manufacturing sector once a request for correction of the consumption of HCFC-142b in 2008 is revised by the Ozone Secretariat noting that the funding from the conversion of US \$1,271,000 will be covered from the savings related to the PU foam sector plan; and
- (b) Requesting the Government of Mexico, UNIDO and UNDP to include in the next progress report of stage I of the HPMP to be submitted to the last Executive Committee meeting in 2017 the complete list of downstream foam enterprises assisted by the Multilateral Fund under stage I, including their HCFC-141b consumption phased out, subsector, baseline equipment and technology adopted.

***Part II: Financial audit reports for the CFC production, halon, polyurethane (PU) foam, process agent II, refrigeration servicing and solvent sectors in China***

Issues to be addressed:

- Final study reporting on research and development projects

The Executive Committee may wish:

- (a) To note, with appreciation, the financial audit reports for the CFC production, halon, polyurethane (PU) foam, process agent II, refrigeration servicing sector and solvent sector in China, contained in document UNEP/OzL.Pro/ExCom/77/19; and
- (b) To request the Government of China to provide final study reports on all research and development projects undertaken with funds from the Multilateral Fund under the CFC production sector to the 78<sup>th</sup> meeting.

***Part III: Methyl bromide (MB) phase-out projects***

*MB phase-out plan in Argentina*

Issues to be addressed: None

The Executive Committee may wish: to consider noting that the maximum level of consumption of methyl bromide for Argentina in 2015 was zero, as in the Agreement between the Government and the Executive Committee, except for any critical-use exemptions approved by the Parties to the Montreal Protocol.

*MB phase-out plan in Mexico*

Issues to be addressed: None

The Executive Committee may wish: to consider noting that the maximum level of consumption of methyl bromide for Mexico in 2015 was zero, as in the Agreement between the Government of Mexico and the Executive Committee, except for any critical-use exemptions approved by the Parties.

**7. 2017-2019 business plans**

**(a) Consolidated business plan of the Multilateral Fund**

Document UNEP/OzL.Pro/ExCom/77/20 presents an analysis of the business plans submitted by the bilateral and implementing agencies to the 77<sup>th</sup> meeting. It addresses resource allocation, the Secretariat's observations on activities required for compliance and standard costs, and proposes adjustments based on existing Executive Committee decisions. It also addresses adjustments based on Executive Committee decisions, and policy issues in the agencies' business plans including activities in the 2016 business plan not submitted for approval or that will be deferred at the 77<sup>th</sup> meeting, and over-budgeting.

Issues to be addressed:

- The business plan values for 2017 is US \$14.17 million (9.2 per cent) above the overall budget of US \$153.8 million mostly related to business plan values for non-LVC countries for which funding of stages II of HPMPs tranches were back-loaded, i.e. with higher tranche values after 2017
- Activities in the business plan exceed the overall indicative budget by US\$224.57 million for 2017-2019 and by US \$164.69 million in 2020 if the indicative budget is assumed to be US \$169.167 million annually for the replenishment period of 2018-2020, which is the same level as the 2015-2017 replenishment
- Whether to further adjust the 2017-2019 business plan based on the level of funds approved in principle for the HPMPs approved at the 77<sup>th</sup> meeting since new HPMPs submitted to the 77<sup>th</sup> meeting have a value of US \$720.38 million and their annual level of approval in principle will have an impact on future triennia.

The Executive Committee may wish:

- (a) To note the consolidated business plan of the Multilateral Fund for 2017-2019 contained in document UNEP/OzL.Pro/ExCom/77/20;
- (b) To decide whether:

- (i) To adjust the business plan as proposed by the Secretariat in document UNEP/OzL.Pro/ExCom/77/20;
  - (ii) To 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 by adding those HCFC phase-out management plans (HPMPs), institutional strengthening activities from the 2016 business plan that were deferred at the 77<sup>th</sup> meeting to the 2017 business plan;
  - (iii) To further adjust the business plan based on the values approved in principle for new HPMPs at the 77<sup>th</sup> meeting;
  - (c) To request bilateral and implementing agencies to include in the business plans stage II of HPMP activities for Kenya and Syrian Arab Republic; and
  - (d) To endorse the consolidated business plan of the Multilateral Fund for 2017-2019, as adjusted by the Secretariat [and the Executive Committee], while noting that endorsement denoted 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/77/21 presents the business plans for bilateral agencies submitted to the 77<sup>th</sup> meeting. The Governments of Germany, Italy and Japan submitted business plans for the years 2017-2019. The document includes a table with the allocation of resources for France based on activities associated with HPMPs approved in principle.

Issues to be addressed:

- Proposed cost adjustments for the business plan of Germany to reflect the actual funding amounts approved under the agreements of stage I and II of HPMPs for the period 2017-2019
- German components for stage II of HPMPs in light of the remaining funding available to Germany, noting that there are no remaining funds available for Germany's 2017 allocation for activities and that approvals in principle for the years 2018-2020 should not exceed US \$2,604,720 assuming the same level of replenishment as for the 2015-2017 triennium

The Executive Committee may wish:

- (a) To note the bilateral agencies' business plans for 2017-2019 submitted by the Governments of Germany, Italy and Japan contained in document UNEP/OzL.Pro/ExCom/77/21; and
- (b) To consider German components for stage II of HCFC phase-out management plans (HPMPs) in light of the remaining funding available to the Government of Germany, noting that there is no remaining funds available for Germany's 2017 allocation for activities and that approvals in principle for the years 2018-2020 should not exceed US \$2,604,720 assuming the same level of replenishment as for the 2015-2017 triennium.

**(ii) UNDP**

Document UNEP/OzL.Pro/ExCom/77/22. contains a summary of UNDP's planned activities for the period 2017-2019 and the impact of the adjustments made by the Secretariat based on existing Executive Committee decisions. It also contains UNDP's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed: None

The Executive Committee may wish:

- (a) To note the UNDP business plan for 2017-2019 contained in document UNEP/OzL.Pro/ExCom/77/22; and
- (b) To approve the performance indicators for UNDP as set out in Table 5 of document UNEP/OzL.Pro/ExCom/77/22.

**(iii) UNEP**

Document UNEP/OzL.Pro/ExCom/77/23 contains a summary of UNEP's planned activities for the period 2017-2019 and the impact of the proposed adjustments made by the Secretariat based on existing Executive Committee decisions. It also contains UNEP's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed: None

The Executive Committee may wish:

- (a) To note the UNEP business plan for 2017-2019 contained in document UNEP/OzL.Pro/ExCom/77/23; and
- (b) To approve the performance indicators for UNEP as set out in Tables 4 and 5 of document UNEP/OzL.Pro/ExCom/77/23.

**(iv) UNIDO**

Document UNEP/OzL.Pro/ExCom/77/24 contains a summary of UNIDO's planned activities for the period 2017-2019 and the Secretariat's observations on activities required for compliance and standard activities, and the adjustments made by the Secretariat based on existing Executive Committee decisions. It also contains UNIDO's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed: None

The Executive Committee may wish:

- (a) To note the UNIDO business plan for 2017-2019 contained in document UNEP/OzL.Pro/ExCom/77/24; and
- (b) To approve the performance indicators for UNIDO as set out in Table 5 of document UNEP/OzL.Pro/ExCom/77/24.

**(v) World Bank**

Document UNEP/OzL.Pro/ExCom/77/25 contains a summary of the World Bank's planned activities for the period 2017-2019 and the Secretariat's observations on activities required for compliance and standard activities, and the adjustments made by the Secretariat based on existing Executive Committee decisions. It also contains the World Bank's business plan performance indicators and recommendations for consideration by the Executive Committee.

Issues to be addressed: None

The Executive Committee may wish:

- (a) To note the World Bank business plan for 2017-2019 contained in document UNEP/OzL.Pro/ExCom/77/25; and
- (b) To approve the performance indicators for the World Bank as set out in Table 5 in document UNEP/OzL.Pro/ExCom/77/25.

**8. Project proposals****(a) Overview of issues identified during project review**

Document UNEP/OzL.Pro/ExCom/77/26 contains four sections: An analysis of the number of projects and activities submitted to the 77<sup>th</sup> meeting; issues identified during the project review process; projects and activities submitted for blanket approval; and investment projects for individual consideration. It also informs the Committee on the review of institutional strengthening (IS) renewal requests, and the projects and activities submitted to the 77<sup>th</sup> meeting but subsequently withdrawn.

Issues to be addressed:

- Changes or addition of implementing agencies for implementation of approved HPMPs
- Funding withheld pending verification reports or meeting specific conditions
- Temporary manufacturing high-global-warming-potential (GWP)-based refrigeration and air-conditioning equipment at enterprises that received funding to convert to low-GWP alternatives

*Changes or addition of implementing agencies for implementation of approved HPMPs*

The Executive Committee may wish to consider, noting that there are often no issues associated with the change or addition of an agency for the implementation of an HPMP, to request the Secretariat to consider such requests for blanket approval, unless outstanding issues other than this change require the Committee's consideration.

*Funding withheld pending verification reports or meeting specific conditions*

The Executive Committee may wish to consider, noting that the conditions for the transfer of funds approved at the 76<sup>th</sup> meeting for projects for which funding had been withheld pending submission of verification reports or meeting specific conditions should have been accomplished shortly after the 76<sup>th</sup> meeting, and that activities related to the tranches approved cannot start until the funds are transferred to the implementing agencies, to urge UNEP, UNIDO and the Governments of Haiti, Sao Tome and Principe and South Africa to submit the HCFC consumption verification reports as soon as possible; UNEP and the Governments of Chile and

Honduras to sign the corresponding agreement for the implementation of their respective HPMPs as soon as possible; and UNDP and the Government of Ghana to implement decision 72/32(b) as soon as possible, in order to implement activities without further delay.

*Temporary manufacturing high-global-warming-potential (GWP)-based RAC equipment at enterprises that agreed to convert to low-GWP alternatives*

The Executive Committee may wish to request the relevant bilateral and implementing agencies:

- (a) To report those cases where an enterprise temporarily manufactures high-global warming potential (GWP) equipment on a manufacturing line that has received funding to manufacture low-GWP-based equipment as soon as they are identified. That report should include the reasons for the use of a high-GWP alternative, the steps the Government (and, if appropriate, the enterprises) will take to enable the enterprise(s) to start manufacturing equipment based on the originally proposed low-GWP technology, and a timeline for when such manufacturing is expected to commence;
- (b) To continue reporting the status of using high-GWP alternatives on the converted lines at the enterprise to each meeting of the Executive Committee until the converted lines produce only with the originally proposed low-GWP technology; and
- (c) To pay only incremental operating costs for manufacturing equipment based on the originally proposed low-GWP technology.

*Project and activities submitted for blanket approval*

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; and noting that the following Agreements had been updated:
  - (i) Between the Government of the Democratic People's Republic of Korea and the Executive Committee, with the text contained in Annex I of document UNEP/OzL.Pro/ExCom/77/40, to take into account the level of funding approved for the second tranche of the HPMP, the savings in incremental costs and the transfer of UNEP's component to UNIDO;
  - (ii) Between the Government of Eritrea and the Executive Committee, with the text contained in Annex I of document UNEP/OzL.Pro/ExCom/77/43, to take into account the established HFCF baseline for compliance;
  - (iii) Between the Government of Mongolia and the Executive Committee, with the text contained in Annex I of document UNEP/OzL.Pro/ExCom/77/56, to correctly reflect the maximum allowable consumption values for the years 2015-2019;
- (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 as contained in Annex [ ] to the final report.

**(b) Bilateral cooperation**

Document UNEP/OzL.Pro/ExCom/77/27 provides an overview of the eight requests from bilateral agencies and their eligibility for approval in light of the maximum level of bilateral cooperation available for 2016. It cross-references relevant documents that include a discussion on the bilateral requests. Tranches of HPMPs for two countries were recommended for blanket approval.

Issues to be addressed:

- The value of the request for bilateral co-operation from the Government of Germany exceeds the Party's 20 per cent allocation for the 2015-2017 triennium

The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 77<sup>th</sup> meeting as follows:

- US \$XX (including agency fees) against the balance of France's bilateral contribution for 2016;
- US \$XX (including agency fees) against the balance of Germany's bilateral contribution for 2015-2017;
- US \$XX (including agency fees) against the balance of Japan's bilateral contribution for 2016; and
- US \$XX (including agency fees) against the balance of Spain's bilateral contribution for 2016.

**(c) Amendments to work programmes for 2016****(i) UNDP**

Document UNEP/OzL.Pro/ExCom/77/28 contains seven activities submitted by UNDP including six requests for IS renewal projects, and one request for technical assistance for preparation of verification reports for blanket approval for consideration under agenda item 8(a).

Issues to be addressed: None

**(ii) UNEP**

Document UNEP/OzL.Pro/ExCom/77/29 contains 32 activities submitted by UNEP including 25 requests for IS renewal projects, and seven requests for technical assistance for preparation of verification reports for blanket approval for consideration under agenda item 8(a).

Issues to be addressed: None

**(iii) UNIDO**

Documents UNEP/OzL.Pro/ExCom/77/30 contains five activities submitted by UNIDO including one request for an IS renewal project, three requests for project preparation for investment activities in stage II of the HPMP for Argentina (refrigeration servicing sector) and Tunisia (refrigeration servicing and rigid PU foam sector), and one request for technical assistance for preparation of a verification report for blanket approval for consideration under agenda item 8(a).

Issues to be addressed: None

**(iv) World Bank**

Document UNEP/OzL.Pro/ExCom/77/31 contains six activities submitted by the World Bank including two requests for IS renewal projects, and four requests for project preparation for investment activities in stage II of the HPMP for Thailand (overarching strategy, foam sector, commercial refrigeration sector, and solvent sector) for blanket approval for consideration under agenda item 8(a).

Issues to be addressed: None

**(d) UNEP's Compliance Assistance Programme budget for 2017**

Document UNEP/OzL.Pro/ExCom/77/32 contains UNEP's Compliance Assistance Programme (CAP) for 2017, and consists of the 2016 CAP progress report, the 2017 CAP work programme, an explanation of the changes in the 2017 CAP budget, and the comments and recommendations of the Secretariat.

Issues to be addressed: None

The Executive Committee may wish:

- (a) To approve the UNEP's Compliance Assistance Programme (CAP) activities and budget for 2017 in the amount of US \$9,776,000, plus agency support costs of 8 per cent, amounting to US \$782,080, contained in Annex I of document UNEP/OzL.Pro/ExCom/77/32;
- (b) To request UNEP to continue to submit an annual work programme and budget for the CAP including:
  - (i) Providing detailed information on the progress of the four new activities identified in the 2016 work programme where the global funds would be used until their completion;
  - (ii) Extending the prioritization of funding between CAP budget lines so as to accommodate changing priorities, and to provide details on the reallocations made in its budget pursuant to decisions 47/24 and 50/26; and
  - (iii) Reporting on the current staff post levels and informing the Executive Committee of any changes thereto, particularly with respect to any increased budget allocations.
- (e) **2017 core unit costs for UNDP, UNIDO and the World Bank**

Document UNEP/OzL.Pro/ExCom/77/33 contains information on the actual administrative costs for 2011-2015 and estimated costs for 2016 and their associated approved budgets. It also contains requests for proposed 2017 core unit costs and an assessment of the extent to which resources available for total administrative costs in 2016 could cover expected 2017 costs, the status of implementation of the administrative cost study, and the recommendations of the Secretariat.

Issues to be addressed:



- Requests for approval of 2017 core unit costs for UNDP and UNIDO with a 0.7 per cent increase, in line with decision 73/62(b), over the 2016 budget, and the World Bank with the same level of request for 2017 as was approved for 2016
- Status of implementation of the administrative cost study

The Executive Committee may wish:

- (a) To note:
- The report on 2017 core unit costs for UNDP, UNIDO and the World Bank as presented in document UNEP/OzL.Pro/ExCom/77/33;
  - To note the status of the review of the administrative cost regime and its core unit funding budget per decision 75/69(b);
  - With appreciation, that the World Bank's core unit operation was again below its budgeted level and that it would be returning unused balances to the Multilateral Fund at the 78<sup>th</sup> meeting of the Executive Committee;
- (b) To consider whether to approve the requested 2017 core unit budgets:
- For UNDP for US \$2,055,000 and UNIDO for US \$2,055,000; and
  - For the World Bank for US \$1,725,000 in the light of any institutional changes resulting from the Executive Committee's consideration of Issues relevant to the Executive Committee arising from the Twenty-eighth Meeting of the Parties to the Montreal Protocol under agenda item 10 (document UNEP/OzL.Pro/ExCom/77/70) with respect to additional funding for HFC activities.
- (f) **Investment projects**

Document UNEP/OzL.Pro/ExCom/76/26 contains the list of projects for individual consideration (see table below) considered under agenda item 8(f).

Issues to be addressed: Each project should be considered for approval individually. The project description, and the comments and recommendations of the Secretariat can be found in the relevant country project document referred to in Table 1 below.

**Table 1. Projects submitted for individual consideration**

Country	Project	Agency	ExCom	Issue
<b>Stage I of HPMPs</b>				
South Sudan	HCFC phase-out management plan stage I - first tranche	UNEP/UNDP	77/63	All technical and cost issues resolved
<b>Stage II of HPMPs</b>				
Armenia	HCFC phase-out management plan stage II - first tranche	UNDP/UNEP	77/35	HCFC reduction commitment
Dominican Republic	HCFC phase-out management plan stage II - first tranche	UNDP/UNEP	77/41	All technical and cost issues resolved
India	HCFC phase-out management plan stage II - first tranche	UNDP/UNEP/ Germany	77/49	No agreement on technical and cost issues
Iran (Islamic Republic of)	HCFC phase-out management plan stage II - first tranche	UNDP/UNEP/ UNIDO/Germany	77/50	All technical and cost issues resolved

Country	Project	Agency	ExCom	Issue
Jordan	HCFC phase-out management plan stage II - first tranche	World Bank/UNIDO	77/54	Issue of distribution of HCFC-141b and polyols. Introduction of high GWP refrigerant. Deduction of tonnage
Malaysia	HCFC phase-out management plan stage II - first tranche	UNDP	77/54	All technical and cost issues resolved
Moldova (Republic of)	HCFC phase-out management plan stage II - first tranche	UNDP/UNEP	77/58	All technical and cost issues resolved
Uruguay	HCFC phase-out management plan stage II - first tranche	UNDP	77/67	All technical and cost issues resolved
<b>Stage II of the HPMP for China</b>				
China	HCFC phase-out management plan stage II - first tranche	Several	77/37	Subject to discussion on China sector plans
	Polyurethane (PU) rigid foam sector plan	World Bank		Costs still under discussion
	Extruded polystyrene (XPS) foam sector plan	UNIDO/Germany		Costs still under discussion
	Room air-conditioner manufacturing (RAC) sector plan	UNIDO		Costs still under discussion
	Industrial and commercial refrigeration and air-conditioning (ICR) sector plan;	UNDP		Costs still under discussion
	Solvent sector plan	UNDP		Approved in principle at the 76 <sup>th</sup> meeting
	Refrigeration and air-conditioning servicing sector plan and enabling component	UNEP/Germany/Japan		Approved in principle at the 76 <sup>th</sup> meeting
<b>Tranche request of stage I, stage II HPMP</b>				
Cuba	HCFC phase-out management plan stage I - third tranche	UNDP	77/39	Interim use of high GWP technology
Grenada	HCFC phase-out management plan stage I - second tranche	UNEP/UNIDO	77/47	Pending discussion on discussion on consumption issue. Include UNIDO as Cooperating IA
Mexico	HCFC phase-out management plan stage II – second tranche	UNIDO/Germany/Italy/Spain/UNEP	77/55	Revision to Agreement to include the Government of Spain as Cooperating IA
Rwanda	HCFC phase-out management plan stage I – third tranche	UNEP/UNIDO	77/59	Data inconsistencies in verification report.
Saudi Arabia	HCFC phase-out management plan stage I – fourth tranche	UNIDO/UNEP	77/60	Limited progress in investment activities; insufficient progress to meet Appendix 8-A of the Agreement
Senegal	HCFC phase-out management plan stage I - second tranche	UNIDO/UNEP	77/61	Revision to Agreement, starting point, funding level and activities
Somalia	HCFC phase-out management plan stage I – second tranche	UNIDO	77/62	Adjustment of starting point
Thailand	HCFC phase-out management plan stage I – third tranche	World Bank	77/65	Return of funds, revision of Agreement

**9. 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(b))**

Document UNEP/OzL.Pro/ExCom/77/69 summarizes the conclusions of the revised study on the required modifications to heat exchangers and to heat exchanger manufacturing lines from the conversion of HCFC-22-based air-conditioners to HC-290, HFC-32 or R 452B refrigerants. The study was revised in accordance with decision 76/51 and provides further information on *inter alia* the implications of reducing the tube diameter of the condenser and the evaporator for HC-290 technology, and on the number of units required for each tool/equipment type when reducing the tube diameter. It also includes adjustments made to the report as a result of implementing agencies' feedback on it.

Issues to be addressed: None

The Executive Committee may wish to consider:

- (a) Taking note on the document UNEP/OzL.Pro/ExCom/77/69 on the calculation of the level of incremental costs for the conversion of heat exchangers manufacturing lines in enterprises converting to HC-290 technology (decision 76/51);
- (b) Requesting the Secretariat to adjust the cost of stage II of the HCFC phase-out management plan for Brazil, as appropriate, upon receipt of the submission of the request for the second tranche, in accordance with decision 75/43(f), based on the technical information provided in document UNEP/OzL.Pro/ExCom/77/69; and
- (c) Requesting the Secretariat and the implementing agencies to use the technical information provided in document UNEP/OzL.Pro/ExCom/77/69 as a reference when assessing the incremental costs of conversion of heat exchanger lines from the conversion of HCFC-22-based air-conditioners to HC-290, HFC-32 and R-452B refrigerants.

**10. Issues relevant to the Executive Committee arising from the Twenty-eighth Meeting of the Parties to the Montreal Protocol**

Document UNEP/OzL.Pro/ExCom/77/70 contains a Note from the Secretariat seeking advice from the Executive Committee on issues ensuing from the 28<sup>th</sup> meeting of the Parties: Part I presents an overview of HFC consumption in Article 5 countries and information on the surveys on ODS alternatives funded by the Multilateral Fund; Part II presents the elements of guidelines for financing the phase-down of HFCs and production according to the components of the decision adopted by the Parties to the Montreal Protocol on financing the phase-down of HFC, and also drawing on the existing cost guidelines for stage I and II of HPMPs in decisions 60/44 and 74/50; Part III proposes a way forward with respect to the potential additional contribution from donor countries and foundations; and Part IV summarizes the potential actions the Executive Committee may wish to consider with regard to the HFC phase down.

Issues to be addressed:

- Whether to hold an special meeting in 2017 to address matters relating to the Kigali Amendment to the Montreal Protocol
- Actions of the Executive Committee with respect to the Kigali Amendment

The Executive Committee may wish to consider the potential actions listed in Part IV of the Note from the Secretariat (UNEP/OzL.Pro/ExCom/77/70).

## 11. Review of the operation of the Executive Committee (decision 76/55(b))

Document UNEP/OzL.Pro/ExCom/77/71 presents a Note by the Secretariat providing an update on the discussion at the 76<sup>th</sup> meeting on the operation of the Executive Committee. The attachment, document UNEP/OzL.Pro/ExCom/76/63, presents the main findings and conclusions of the Secretariat's review of the two meetings per year regime in 2014 and 2015.

### Issues to be addressed:

- Whether to continue operate based on two Executive Committee meetings in 2017 and the timing of those meetings taking into consideration the potential need for a special meeting to address matters related to the Kigali Amendment to the Montreal Protocol
- Whether to make the changes to the operation of the Executive Committee including:
  - Consideration of annual progress reporting and the evaluation of the previous year's business plan/performance of implementing agencies at the first meeting of the year
  - Change to the submission deadlines for bilateral and implementing agencies
  - Reorganization of agenda items according to the classification scheme proposed by the Secretariat
- Scheduling a further review of the operation of the Executive Committee

### The Executive Committee may wish to consider:

- (a) Noting the document on the operation of the Executive Committee (UNEP/OzL.Pro/ExCom/77/71), prepared pursuant to decision 76/55(b);
- (b) Agreeing to continue convening two meetings of the Executive Committee from 2017 onwards, preferably in the second or third week of June for the first meeting, and in late November or the first week of December for the second meeting, with the possibility of holding an additional brief meeting if required to consider project proposals or specific requests from the Parties to the Montreal Protocol;
- (c) Noting:
  - (i) With regard to progress and financial reports:
    - a. That bilateral and implementing agencies would be requested to submit their annual progress and financial reports for the previous year to the Secretariat by 15 April each year or eight weeks before the first meeting when such meetings would be convened earlier than the second week of June;
    - b. That the consolidated progress report and the relevant progress reports of the bilateral and implementing agencies would be considered at the first meeting of the year;
  - (ii) With regard to business planning, that the evaluation of the implementation of the previous year's business plan would be considered at the first meeting of the year;
  - (iii) With regard to project proposals, that bilateral and implementing agencies would be requested to submit to the Secretariat complete project proposals in advance of the Executive Committee meeting at which they were to be considered, in order to allow time for review by the Secretariat and for agencies to discuss the

Secretariat's comments and the response to the comments with the country concerned, as follows:

- a. HCFC production phase-out management plans, HCFC phase-out management plans or sector phase-out plan, complete with a draft agreement and a proposed implementation programme for the first tranche, 16 weeks prior to the Executive Committee meeting;
- b. HCFC phase-out projects in the consumption sector with a requested level of funding of more than US \$5 million, 14 weeks in advance of the Executive Committee meeting;
- c. All other project proposals in full, 10 weeks in advance of the Executive Committee meeting;
- (d) Requesting the Secretariat to reorganize the order of agenda items for Executive Committee meetings according to the classification scheme in Annex IV to the present document;
- (e) To review the two Executive Committee meetings per year regime at the first meeting of the Executive Committee in 2018.

## 12. Accounts of the Multilateral Fund

### (a) Final 2015 accounts

Document UNEP/OzL.Pro/ExCom/77/72 contains two parts: Part I provides the 2015 final accounts of the Multilateral Fund; Part II provides a report of the United Nations Board of Auditors on the accounts of the Fund of the year ended 31 December 2015.

#### Issues to be addressed:

- The United Nations Board of Auditors observation regarding outstanding contributions receivable

#### The Executive Committee may wish:

- (a) To note:
  - (i) The final financial statements of the Multilateral Fund as at 31 December 2015 prepared in accordance with the International Public Sector Accounting Standards as contained in document UNEP/OzL.Pro/ExCom/77/72;
  - (ii) The report of the United Nations Board of Auditors (UNBoA) for the year ended 31 December 2015 submitted to UNEP;
  - (iii) The UNBoA observation and recommendation indicating that UNEP should bring the issue of the long outstanding contribution to the attention of the Executive Committee for its consideration or their write off, and the subsequent response by UNEP taking into account the Secretariat's comments on the issue;
- (b) To request the Treasurer to record in the 2016 accounts of the Multilateral Fund the differences between the implementing agencies' provisional 2015 financial statements and their final 2015 statements as reflected in Table 1 of the document

UNEP/OzL.Pro/ExCom/77/72; and

- (c) To request the Executive Committee to report to the 29<sup>th</sup> meeting of the Parties to the Montreal Protocol, the UNBoA observation and recommendation that “UNEP bring again the matter to the attention of the MLF Executive Committee for its consideration or their write off”.

**(b) Reconciliation of the 2015 accounts**

Document UNEP/OzL.Pro/ExCom/77/73 presents the reconciliation of information from the 2015 accounts with the financial data of the implementing agencies in their annual progress and financial report as at 31 December 2015 and the Secretariat’s Inventory of Approved Projects database. It also provides the Secretariat’s recommendations.

Issues to be addressed:

- Outstanding reconciling item for UNEP: US \$221,570 carried forward from the 2014 reconciliation of the accounts.
- 2015 outstanding reconciling item: for UNEP income (US \$41,106) and expenditures (\$18,992); UNIDO income (US \$43) and expenditure (US \$37,725); and the World Bank income (US \$143,940)

The Executive Committee may wish:

- (a) To note the reconciliation of the 2015 accounts contained in document UNEP/OzL.Pro/ExCom/77/73;
- (b) To request the Treasurer:
- (i) To withhold from future transfers to UNDP the amount of US \$105,346, representing a higher interest income reported in its 2015 provisional accounts than in its final accounts;
  - (ii) To transfer to UNIDO the amount of US \$21,467, representing interest earned for China in 2012 which was offset twice at the 71<sup>st</sup> and 74<sup>th</sup> meeting approvals;
- (c) To request UNDP to adjust by US \$82,831 in income in its 2016 accounts representing overstated interest in 2015;
- (d) To request UNEP to adjust in its 2016 accounts as follows:
- (i) US \$329,000 in expenditures adjustments required for 2015;
  - (ii) US \$221,570 in expenditure representing an unreconciled amount carried forward from 2014;
  - (iii) US \$907,514 representing 2014 reconciliation items not adjusted/actioned in 2015; and
  - (iv) US \$219,231 in support costs recorded incorrectly in the final 2015 accounts;
- (e) To request UNEP to adjust in its 2016 progress report as follows:
- (i) US \$217,633 in income recorded in UNEP’s 2015 accounts and not in the progress

report; and

- (ii) US \$123,412 in expenditures and US \$190,385 in savings reflected in UNEP's 2015 accounts and not in its progress report;
- (f) To request UNIDO to reflect the amount of US \$2,040,715 in 2015 income in its 2016 accounts not recorded in 2015;
- (g) To note the 2015 outstanding reconciling items as follows:
- (i) US \$41,106 in income between UNEP's progress report and final accounts; and US \$18,992 in expenditures between UNEP's progress report and final accounts, and that UNEP will provide an update on this difference prior to the 78<sup>th</sup> meeting;
  - (ii) US \$26 between UNIDO's progress report and Inventory to be adjusted by UNIDO in its progress report; US \$43 in income between UNIDO's progress report and final accounts; and US \$37,725 representing the difference in support costs in expenditures between UNIDO's progress report and the final accounts; and
  - (iii) US \$143,940 in income between the World Bank's progress report and the final accounts.
- (h) To note the standing reconciling items as follows:
- (i) UNDP, for unspecified projects, in the amounts of US \$68,300 and US \$29,054; and
  - (ii) The World Bank, for the following projects implementing with other bilateral agencies where applicable:
    - Japan bilateral (THA/PHA/68/TAS/158) in the amount of US \$342,350;
    - Sweden bilateral (THA/HAL/29/TAS/120) in the amount of US \$225,985;
    - United States of America bilateral (CPR/PRO/44/INV/425) in the amount of US \$5,375,000;
    - United States of America bilateral (CPR/PRO/47/INV/439) in the amount of US \$5,375,000;
    - Thailand chiller project (THA/REF/26/INV/104) in the amount of US \$1,198,946;
    - Stage I of the HCFC phase-out management plan for Thailand (THA/PHA/74/INV/164 and 165) in the amount of US \$10,385,585; and
    - Stage I of the HCFC production phase-out management plan for China (CPR/PRO/75/INV/568) in the amount of US \$17,740,800.

**13. Approved 2015, 2016, 2017, 2018 and proposed 2019 budgets of the Fund Secretariat**

Document UNEP/OzL.Pro/ExCom/77/74 contains the approved 2015, 2016, 2017 and 2018 budgets and the proposed 2019 budget of the Fund Secretariat submitted for consideration by the Executive Committee.

Issues to be addressed:

- Increase in translation costs
- Cost of one additional meeting in 2017
- Upgrade of four P3 posts

The Executive Committee may wish to consider:

(a) To note:

- (i) The document on approved 2015, 2016, 2017 and 2018, and proposed 2019 budgets of the Fund Secretariat contained in UNEP/OzL.Pro/ExCom/77/74;
- (ii) That US \$378,099 expenditures not recorded in the approved 2015 Secretariat budget had been reallocated to the 2016 approved budget;
- (iii) The return of US \$1,477,253 (US \$1,449,117 from the approved 2015 budget for the Secretariat and US \$28,136 from the approved 2015 budget for Senior Monitoring and Evaluation Officer) to the Multilateral Fund at the 77<sup>th</sup> meeting;

(b) To approve:

- (iii) The revised 2016 budget totaling US \$7,561,218 reflecting a reallocation of unrecorded expenditures of US \$378,099 in addition to a credit of US \$25,934 under BL 1309 in 2015, and an increase of US \$30,800 associated with increased cost for the translation of the document for the 77<sup>th</sup> meeting of the Executive Committee;
- (iv) The upgrade of four P3 posts to P4 level, the downgrade of one G7 post to G6 level, and the upgrade of one G5 post to G6 level at an additional cost of US \$39,500, effective from 2017;
- (v) The revised 2017 budget totalling US \$7,748,982 including one additional meeting of the Executive Committee at a cost of US \$355,800, and US \$92,791 for other Executive Committee meeting related costs;
- (vi) The revised 2018 budget totalling US \$7,829,038 based on three meetings of the Executive Committee and on the 2017 revised budget; and
- (vii) The proposed 2019 budget with US \$7,961,748 based on three meetings of the Executive Committee, on the revised 2018 budget and a 3 per cent increase in staff cost.

**14. Report of the Sub-group on the Production Sector**

Document UNEP/OzL.Pro/ExCom/77/75 will be issued during the 77<sup>th</sup> meeting and will provide



a report of the meeting of the Sub-group on the Production Sector that will take place in the margins of the meeting. The document will contain an account of the Sub-group's consideration of a provisional agenda, the HCFC production sector guidelines, the 2015 verification report on HCFC production in China, and the 2016 progress report of stage I of the HPPMP for China.

**15. Other matters**

Substantive issues agreed for inclusion in agenda item 2(a) will be taken up under this agenda item.

**16. Adoption of the report**

The Executive Committee will have in front of it the draft report of the 77<sup>th</sup> meeting for its consideration and adoption.

**17. Closure of the meeting**

The meeting is expected to be closed on Friday, 2 December 2016.

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