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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROVISIONAL ANNOTATED 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/42/1: contains the Provisional Agenda for the 42nd Meeting of the Executive Committee.

Action expected from the Executive Committee: the Committee might wish to adopt the Agenda of the meeting on the basis of the Provisional Agenda as contained in document UNEP/OzL.Pro/ExCom/42/1.

(b) Organization of work

The Chairperson will call for nominations for the Subgroup on the Production Sector and will propose to the plenary the organization of work.

3. Secretariat Activities

Document UNEP/OzL.Pro/ExCom/42/2: presents a report on the activities of the Secretariat since the 41st Meeting of the Executive Committee. The document also includes information on project balances. At its 40th Meeting, the Executive Committee decided that issues such as return of balances from cancelled or completed projects should be handled administratively between the Secretariat and responsible implementing agencies with appropriate reports, including audited financial reports, to the Executive Committee (Decision 40/52 (b)). A summary of the financial adjustments indicated by the implementing agencies and agreed by the Fund Secretariat is presented.

Issues to be addressed:

- Note the report by the Chief Officer; and
- Financial adjustments.

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

1. Noting the report on Secretariat Activities including the report on project balances contained in UNEP/OzL.Pro/ExCom/42/2.
2. Noting the levels of funds being returned to the 42nd Meeting against project balances totalling US \$2,574,926 (UNDP--US \$526,643 including reimbursement of funds previously returned in error for two projects by UNDP; UNIDO--US \$1,048,283; and the World Bank--US \$1,000,000), and additionally the return of support costs totalling US \$280,891 (UNDP--US \$68,463 including reimbursement of support costs previously returned in error for two projects by UNDP; UNIDO--US \$117,428; and the World Bank--US \$95,000).
3. Noting that implementing agencies had balances totalling US \$513,207 excluding support costs from projects completed over two years ago: UNDP (US \$388,882 plus support costs); UNEP (US \$33,857 plus support costs); and the World Bank (US \$90,468 plus support costs).

4. Status of contributions and disbursements

Document UNEP/OzL.Pro/ExCom/42/3: provides information on the status of the Fund on 15 February 2004 as recorded by the Treasurer. As of that date, the Fund's balance stands at US \$82,615,208, after taking into account all the funds approved by the Executive Committee, including those approved at the 41st Meeting. The Fund's balance will be updated by the Treasurer to reflect new contributions made by the Parties at the time of the meeting. It will also provide updated information on the gain and loss in the fixed exchange rate mechanism.

Action expected from the Executive Committee: the Executive Committee may wish to take note with appreciation, of the Treasurer's report.

5. Business planning

(a) Strategic business planning (Decisions 41/80 (e) and 41/81):

(i) Financial planning (including the funding window and status of forward commitments)

Document UNEP/OzL.Pro/ExCom/42/4 and Corr.1: provides guidance on the funding allocations for the remainder of the triennium, including total allocations for 2004 and 2005, allocations of the implementing and bilateral agencies, and a possible allocation for a funding window on accelerated phase-out/maintaining momentum, as follow-up to Decisions 41/80 (e) and 41/81.

Issues to be addressed:

- Budget for 2003-2005;
- Resource allocation for 2004 and 2005 and remaining resources from 2003;
- Status of forward commitments and resources available for new activities during 2004-2005;
- Implementing and bilateral agencies' resource allocations;
- Window for accelerated phase-out/maintaining momentum; and
- Impact of the 2004-2006 business plans.

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

1. Noting the Report on Financial Planning as contained in UNEP/OzL.Pro/ExCom/42/4 and Corr.1.
2. Adopting a resource allocation of US \$237 million for 2004 and US \$178 million for 2005 with any remaining funds from 2004 to be allocated to 2005.
3. Noting that US \$18 million was allocated for the window for accelerating phase-out and maintaining momentum pursuant to Decision 40/7 (a) that would accommodate window projects included in the 2004-2006 business plan.
4. The possibility of continuation of the window for a period of time to be agreed and approving the criteria for accelerating phase-out and maintaining momentum on which this is to be based.

(ii) Three-year phase-out plan 2004-2006

Document UNEP/OzL.Pro/ExCom/42/5: contains the model rolling three-year phase-out plan for the Multilateral Fund for the years 2004-2006. The paper includes an analysis of the amounts of ODS that needs to be approved for funding to enable all Article 5 countries to achieve the 2005 and 2007 Montreal Protocol phase out targets plus partial phase-out of the remaining ODS consumption to achieve the 2010 phase-out targets. The paper indicates the ODSs to be phased out in Article 5 countries during the triennium in approved multi-year sectoral and national phase-out plans and individual and umbrella projects, and the number of RMPs and TPMPs under current implementation in low-volume consuming countries.

Issues to be addressed:

- Whether the paper provides a satisfactory basis for planning the phase-out to be achieved through Multilateral Fund projects and activities, and for business planning for the corresponding triennium.
- The very high level of phase-out that needs to be achieved from already approved projects and the need to ensure successful and timely implementation.

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

1. Note that the draft model three-year phase-out plan 2004-2006 presented in this document was used as the basis for the preparation of the 2004-2006 business plans of the implementing agencies.
2. Consider adopting the model three-year phase-out plan 2004-2006 as a flexible guide for resource planning for the corresponding triennium.
3. Urge Article 5 countries with approved but not implemented projects and the cooperating implementing and bilateral agencies to accelerate the pace of implementation during the 2004-2006 triennium.
4. Request the Secretariat to present an updated model three-year rolling phase-out plan for the years 2005-2007 to the first meeting in 2005 to provide guidance as relevant for the preparation of the 2005-2007 business plan of the Multilateral Fund.

(b) Consolidated 2004-2006 business plan of the Multilateral Fund

Document UNEP/OzL.Pro/ExCom/42/6 and Corr.1: is a consolidation of the implementing and bilateral agencies' 2004-2006 business plans along with recommendations of the Fund Secretariat.

Issues to be addressed:

- Resource allocation in business plans; and
- Possible qualitative performance indicators.

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

1. Noting the Consolidated 2004-2006 Business Plan of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/42/6.
2. Requesting the implementing agencies and the Secretariat to further consider the proposals on qualitative performance indicators and propose indicators as part of their 2005 business plans.

(c) 2004-2006 business plans:

(i) Bilateral agencies

Document UNEP/OzL.Pro/ExCom/42/7: presents the business plans for bilateral agencies for the years 2004-2006. The Governments of Canada, Czech Republic, Germany, Hungary, Italy, Japan, Slovak Republic, Sweden, Switzerland and United States of America provided information on their 2004-2006 planned bilateral activities.

Issues to be addressed:

- Planned window activities;
- CAP funding of European network; and
- Possible project overlaps and activities outside of the 3-year phase-out plan and window.

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

1. Noting with appreciation the business plans and letters on bilateral cooperation submitted by: Canada, Czech Republic, Germany, Hungary, Italy, Japan, Slovak Republic, Sweden, Switzerland and United States of America as addressed in UNEP/OzL.Pro/ExCom/42/7.
2. Requesting the Czech Republic, Hungary and the Slovak Republic to withdraw their business plans that included funding for the European Network since UNEP has incorporated the network into its funding requests for its Compliance Assistance Programme (CAP).

3. Providing advice on whether the following activities should be maintained in the bilateral business plans:

Agency	Country	Sector and Sub-Sector
Germany	China	Methyl bromide project in medicinal herb sector
Germany	Lebanon	Refrigeration sector
Germany	Syria	Methyl bromide project in soil fumigation
Germany	China	Strategy for managing HCFCs
Japan	Indonesia	Assistance in implementation of strategic planning
Japan	Global	UNEP Supplementary training programme

(ii) UNDP

Document UNEP/OzL.Pro/ExCom/42/8 and Corr.1: contains the comments and recommendations of the Fund Secretariat and UNDP's 2004-2006 business plan.

Issues to be addressed:

- Planned window activities; and
- Performance indicators.

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

1. Endorsing the 2004-2006 business plan of UNDP, as contained in UNEP/OzL.Pro/ExCom/42/8 and Corr.1, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels.
2. Approving the performance indicators for UNDP set out in Table 1 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/42/8 and Corr.1 while setting a phase-out target of 4,919 ODP tonnes for 2004 for the individual project performance indicator.

(iii) UNEP

Document UNEP/OzL.Pro/ExCom/42/9: contains the comments and recommendations of the Fund Secretariat and UNEP's 2004-2006 business plan.

Issues to be addressed:

- Planned window activities;
- Possible overlaps; and
- Supplementary CAP activities.

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

1. Endorse the 2004-2006 business plan of UNEP, the endorsement not denoting approval of the projects identified in the business plan nor their funding levels with any modifications based on the consideration of the following activities:
 - (a) Planned multi-year solvent sector project in India;
 - (b) Farmer field school budget globally and in the Caribbean;
 - (c) Technical assistance for US \$226,000 in Africa.
2. Approve the performance indicators for UNEP set out in Tables 1 and 2 of the Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/42/9.

(iv) UNIDO

Document UNEP/OzL.Pro/ExCom/42/10 and Corrs.1 and 2: contains the comments and recommendations of the Fund Secretariat and UNIDO's 2004-2006 business plan.

Issues to be addressed:

- Planned window activities;
- Overlaps of planned activities; and
- Performance indicators.

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

1. Endorsing the 2004-2006 business plan of UNIDO, as contained in UNEP/OzL.Pro/ExCom/42/10 and Corr.1.
2. Approving the performance indicators for UNIDO set out in Table 1 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/42/10 and Corr.1 while setting a phase-out target for individual projects of 5,666 ODP tonnes for 2004.

(v) World Bank

Document UNEP/OzL.Pro/ExCom/42/11 and Corrs.1 and 2: contains the comments and recommendations of the Fund Secretariat and the World Bank's 2004-2006 business plan.

Issues to be addressed:

- Possible window projects; and
- Possible overlaps.

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

1. Endorsing the 2004-2006 business plan of the World Bank, as contained in UNEP/OzL.Pro/ExCom/42/11 and Corr.1, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels with any modifications based on the consideration of the following activities:
 - (a) Planned chiller projects in Argentina and Mexico;
 - (b) Planned MDI project in Argentina;
 - (c) Planned methyl bromide project in Viet Nam.
2. Approving the performance indicators for the World Bank set out in Tables 1 and 2 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/42/11 and Corr.1.

6. Programme implementation

- (a) **Report on the intermediate evaluation of CFC production sector phase-out agreements**

Document UNEP/OzL.Pro/ExCom/42/12: presents the findings and recommendations resulting from evaluation missions to China, D.P.R. Korea and India in January 2004.

Issues to be addressed:

- Production sector phase-out results planned and achieved;
- Measurements in Metric and ODP tonnes and gross versus net saleable production;
- Advantages of the sector compared to the project by project approach;
- Policies established in the countries to close and/or reduce gradually CFC production;
- Technical assistance to enterprises, capacity development and awareness building;
- Support extended for the development and production of substitutes for CFCs;
- Sustainability of the phase-out, prices and supply/demand for CFCs and substitutes;
- Prospects for further compliance and early phase-out scenarios; and
- National and international audits and their focus, methods and schedules.

Action expected from the Executive Committee: the Executive Committee may wish to take note of the findings and recommendations provided in Document UNEP/OzL.Pro/ExCom/42/12, and might consider:

1. To clarify that the maximum allowable CFC production in China should be planned and verified [in metric tonnes (MT) as stipulated in the agreement/in ODP tonnes, as calculated in the original sector plan and the following annual work programmes and verification reports];
2. To request the Government of India, in cooperation with the World Bank, to plan and verify allowable CFC production in India as so-called gross production, that means without deducting handling and filling losses;
3. To request the Government of China and India to clarify, in cooperation with the Ozone Secretariat, differences of CFC-production data reported under Article 7 to the Ozone Secretariat and in the verification reports;
4. To request the Secretariat, in cooperation with the World Bank and UNIDO, to review the verification guidelines adopted by the 32nd meeting of the Executive Committee, with respect to the following;
 - (a) How to include movements of CTC to and from CFC producers and internal transfers of CTC in CFC producing companies in the verification reports, annual progress reports and work programmes, in view of the intense pressure on CTC management in the enterprises caused by the phase-out of CFC-11 and CFC-12.
 - (b) That for countries with CFC and CTC production sector phase-out agreements (China and India), the verification missions should be closely coordinated and possibly be merged;
 - (c) That where plants co-produce CFC-11 and CFC-12, it may be necessary to determine whether the practice of counting unit ratios of CTC and AHF and comparing them with previous years is needed;
 - (d) Whether the inspection and verification of the daily log books should continue to serve mainly as a back-up to clarify inconsistencies observed; and
 - (e) Whether reported measurements of CFC-production should be rounded to the nearest 100 kg, and then be compared to the more accurate financial and sales records.

5. To request the World Bank and Governments of China and India to revise the presentation of technical assistance activities in future annual reports and work programmes for the CFC production sector by:
 - (a) Showing separately activities to maintain the national administrative infrastructure to manage the process, activities for awareness building, and technical advice of direct interest to the enterprises (either individually or collectively); and
 - (b) Specifying clearly the objectives, related outputs and inputs including planned and actual expenditures; and
6. To commend that the Governments of China and India, in cooperation with the World Bank, consider the recommendations as presented in paras. 14 and 15 of document UNEP/OzL.Pro/ExCom/42/12.
 - (b) **Report on the intermediate evaluation of the solvent sector phase-out plan in China**

Document UNEP/OzL.Pro/ExCom/42/13: presents the findings and recommendations, based on information collected during evaluation missions to China in November 2003 and January 2004.

Issues to be addressed:

- Phase-out results planned and achieved, at the level of projects and national consumption;
- Link to the production sector phase-out of CFC-113 and CTC and its monitoring;
- Duration of conversion contracts, causes of delays and suggested remedies;
- Innovative phase-out contracts developed to convert numerous small solvent users;
- Need for further development of the technical support system; and
- National and international audits and their focus, methods and schedule.

Action expected from the Executive Committee: the Executive Committee might wish to:

1. Take note of the information provided in document UNEP/OzL.Pro/ExCom/42/13.
2. Commend that the Government of China, in cooperation with UNDP, consider the recommendations as presented in para. 13 of document UNEP/OzL.Pro/ExCom/42/13.
 - (c) **Report on implementation of approved projects with specific reporting requirements**

Document UNEP/OzL.Pro/ExCom/42/14: contains reports on two approved projects to phase out the consumption of methyl bromide in certain applications in Guatemala and Honduras.

Issue to be addressed

- At their Fifteenth Meeting, the Parties adopted decisions for Guatemala and Honduras respectively, approving an action plan for each country containing proposed reductions in consumption of methyl bromide to enable the country to return to compliance. The phase-out schedule in each of the action plans differs from the schedule contained in the relevant project approved by the Executive Committee. In each case the revised schedules extend the phase-out over a longer period.

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

1. Consider adopting the following modification to the methyl bromide phase-out schedule for Guatemala proposed in Decision 38/42 (b):

The phase-out schedule will achieve a total reduction in consumption of 502.6 ODP tonnes by 2008; of this amount 100 ODP tonnes will be reduced by non-Article 5 companies. Furthermore, 181.4 ODP tonnes will be reduced in 2003, 36 ODP tonnes in 2004, 132 ODP tonnes in 2005, 25 ODP tonnes in 2006, 46 ODP tonnes in 2007, and an additional 52.1 ODP tonnes in 2008, in order to enable Guatemala to meet the MB freeze and the 20 per cent reduction targets in 2005 and 2007, respectively.

2. Consider adopting the following modification to the methyl bromide phase-out schedule for Honduras proposed in Decision 37/50:

The phase-out schedule will achieve a total reduction in consumption of 213 ODP tonnes by the end of 2005. Furthermore, 47.3 ODP tonnes will be reduced in the calendar year 2003, 64.0 ODP tonnes in 2004 and additional 98.6 ODP tonnes in 2005, in order to enable Honduras to meet the MB freeze and the 20 per cent reduction target by the end of 2005.

(d) Report on project cancellations**(e) Project implementation delays**

Document UNEP/OzL.Pro/ExCom/42/15 and Add.1: contains an assessment of progress on projects identified with implementation delays based on decisions taken at previous meetings of the Executive Committee, addresses projects for which status reports were requested, presents additional requests for project cancellations and addresses the impact of delayed and cancelled projects on compliance. The addendum contains the summary by the Secretariat of UNDP's report addressing issues associated with delays in the implementation of the LCD projects in Morocco and the subsequent Decision 41/8 (f) together with the Secretariat's recommendations. The report of UNDP is available on request.

Issues to be addressed:

- Projects pending a report on the achievement of milestones and resulting automatic cancellations;

- LCD projects in Morocco;
- Projects where agencies and the Secretariat disagreed on assessment of some progress; and
- Impact of cancelled and delayed projects on compliance.

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

1. Note with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, Canada, Germany and the four implementing agencies as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/42/15 and Add.1).
2. Request the Governments of France and Japan to provide reports on the projects classified with implementation delays as a matter of urgency.
3. Note that the Secretariat and implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress and report and notify governments and implementing agencies as required.
4. Adopt the milestones and deadlines indicated in the table following paragraph 11 of document UNEP/OzL.Pro/ExCom/42/15 and Add.1.
5. Note the reports presented at the meeting on the following projects to determine if they warrant cancellation or other action as appropriate:

Agency	Code	Project Title	Comments
UNEP	GLO/SEV/19/TAS/106	Prepare an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase out of ODS	Pending report at 42nd Meeting
UNEP	GLO/SEV/19/TAS/112	Training modules on management of ODS phase-out in SMEs	Pending report at 42nd Meeting
UNIDO	MOR/FUM/34/INV/44	Phase-out of methyl bromide for soil fumigation in tomato production (first tranche)	Pending report at 42nd Meeting

6. Note the reports presented at the meeting on the following projects to determine if milestones were met and note the automatic cancellation as appropriate:

Agency	Code	Project Title	Milestone Deadline
Belgium	BOL/FOA/28/INV/10	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Quimica Andina	Signature of the UNDP project document by the 42nd Meeting
IBRD	IND/REF/22/INV/110	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Refrigeration Components and Accessories	Installation of all equipment by March 2004.
IBRD	IND/REF/22/INV/123	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Hindustan Refrigeration Industries	Installation of all equipment by March 2004.
IBRD	IND/REF/22/INV/124	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Refrigerators and Home Appliances P. Ltd.	Installation of all equipment by March 2004.

Agency	Code	Project Title	Milestone Deadline
UNDP	EGY/FOA/22/INV/64	Phaseout of the remaining ODS consumption in the foam sector (11 enterprises)	CFC use would cease by December 2003.
UNDP	URT/FOA/26/INV/11	Phaseout of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Pan Africa Enterprises Ltd.	Final inspection in January 2004.
UNDP	URT/FOA/31/INV/13	Phasing out of CFC-11 in the manufacture of flexible slabstock foam by conversion to methylene chloride at Plyfoam Limited	Final inspection in January 2004.

7. Note the automatic cancellation of the following project:

- The Chandra refrigeration project in India (IND/REF/19/INV/92) where US \$66,787 had been disbursed of the US \$130,984 approved for the project and 4.8 ODP tonnes were assigned as phase-out pursuant to Decision 39/13 (b).

8. With regard to the Moroccan LCD projects:

- To note with appreciation the efforts made by UNDP, the Secretariat, the Ministry of Industries, Commerce and Telecommunications (MCIT) and all other stakeholders in trying to reach an agreement;
- To take note of the report of UNDP against the background of the information provided in paragraphs 12 (bis) to 12(quin) of document UNEP/OzL.Pro/ExCom/42/15/Add.1;
- To decide that the proposed agreement as attached to UNDP's report, could be considered on an exceptional basis as a suitable way to continue the implementation of the projects, and on condition that each company signs the agreement by 15 April 2004;
- To decide, in the event the agreement remains unsigned by any or all of the companies by 15 April 2004, that:
 - (i) Since the Dolidol project has been cancelled as of December 2001, that this will remain the case;
 - (ii) Since trials have been conducted at Richbond as well as Sodiflex and Tiznit but the commissioning of the LCD foam equipment has been a subject of controversy between the stakeholders (the companies, the equipment supplier and the executing agency), UNDP should take necessary steps to resolve any controversy that might have arisen with the view to completing the two projects not later than the end of 2004;
 - (iii) That Bonbino Confort and Mousse d'Or be allowed to complete the trials and commissioning of the two projects, not later than the end of 2004;

- (iv) That Salidor be allowed after relocation, to complete the trials and commission the project not later than the end of 2004;
- (v) To request UNDP to take steps consistent with relevant decisions and in consultation with the Government of Morocco, to cancel the affected project or projects, in the event that the stakeholders as described in paragraphs (i) to (iv) above are not able to meet the above objectives;
- To allow UNDP to utilize all remaining funds under the LCD projects in Morocco to accomplish the above tasks;
- To request UNDP to submit a status report with the necessary explanations to the Executive Committee at its 43rd Meeting.

7. Project proposals

(a) Overview of issues identified during project review

Document UNEP/OzL.Pro/ExCom/42/16 and Corr.1: seeks the views of the Executive Committee on two policy issues and contains the list of all projects and activities recommended for blanket approval.

Issues to be addressed:

- Priority for funding a study on HCFC use in China;
- Support for data reporting in Article 5 countries; and
- Approval of projects and activities in the blanket approval list.

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

1. Consider whether it wishes to give priority at the present time to a technical assistance project on a strategy for HCFC management in China (*depending on the views of the Committee the project could be approved under Agenda Item 7(b), Bilateral Cooperation*).
2. Urge implementing agencies to provide all assistance possible to countries for whom they are implementing the institutional strengthening project, to eliminate instances of non-reporting of data.
3. Subject to any issues raised by Executive Committee members on individual projects or activities, approve the projects and activities in the blanket approval list.

(b) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/42/17: contains 15 projects and activities submitted for approval by Governments as bilateral cooperation. One project has been withdrawn. One project was included in the blanket approval list considered in Agenda Item 7 (a) above and 12 projects and activities will be considered in Agenda Item 7 (d), investment projects.

Issue to be addressed

- Consideration for approval of one project to develop a strategy for HCFC management in China, submitted by the Government of Germany.

Action expected from the Executive Committee: provided Germany's total bilateral requests do not exceed 20 per cent of its contributions (*to be advised by the Secretariat at the meeting*) the Committee may wish to consider whether to approve the HCFC policy study (*the decision taken should be consistent with the related policy issue discussed in Agenda Item 7 (a) above*).

(c) Work Programmes for 2004

(i) UNEP work programme amendments

Document UNEP/OzL.Pro/ExCom/42/18 and Add.1: contains 13 activities submitted for approval by UNEP. Two activities recommended for blanket approval have been considered in Agenda Item 7 (a). Six activities associated with refrigerant management plans will be considered in Agenda Item 7 (d), investment projects. Five activities related to renewals of institutional strengthening projects are for individual consideration.

Issues to be addressed

- Consideration of institutional strengthening renewals for four countries (Barbados, Dominica, St. Kitts and Nevis and St. Vincent and the Grenadines) which are in actual or potential non-compliance with the Montreal Protocol. In these circumstances the Executive Committee has in the past approved institutional strengthening for one year only, instead of the customary two years; and
- Consideration of renewal of the second year of Phase II of the institutional strengthening project for the Bahamas. The project was renewed for one year only, at the 39th Meeting. If the Committee is satisfied that Bahamas has demonstrated its commitment to returning to compliance with the provisions of the Montreal Protocol and that implementation of the TPMP has started, the second year could be approved.

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

1. Approve the institutional strengthening renewals for Barbados, Dominica, St. Kitts and Nevis and St. Vincent and the Grenadines for one year only and express to the Government the views contained in Annex II to document UNEP/OzL.Pro/ExCom/42/18 and Add.1.

2. Approve the institutional strengthening renewal for the Bahamas for the second year of the Phase II project.

(ii) UNDP 2004 work programme

Document UNEP/OzL.Pro/ExCom/42/19: contains UNDP's work programme for 2004 as part of which funding has been requested at the 42nd Meeting for 17 projects and activities. Thirteen activities recommended for blanket approval have been considered in Agenda Item 7(a). Three activities associated with a refrigerant management plan for El Salvador will be considered in Agenda Item 7 (d), investment projects. One technical assistance project is presented for individual consideration.

Issue to be addressed

- Consideration of a technical assistance umbrella project to assist Jamaica to phase out ODS solvent use. Following deferral at the 41st Meeting, the scope of the project has been reconsidered and it has been resubmitted. The revised cost has been agreed between UNDP and the Secretariat.

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

1. Approve the technical assistance project to phase out ODS solvent use in Jamaica on the basis that Jamaica will not seek any additional funding for phase out of ODS in the solvent sector.

(iii) UNIDO 2004 work programme

Document UNEP/OzL.Pro/ExCom/42/20: contains UNIDO's work programme for 2004 as part of which funding has been requested at the 42nd Meeting for three activities. The three activities were recommended for blanket approval and have been considered in Agenda Item 7(a). Four other institutional strengthening projects, mentioned in the work programme for information only, will be submitted for funding to a future meeting in 2004: no action is requested at the present time.

Issues to be addressed

- Nil.

Action expected from the Executive Committee:

1. Nil.

(iv) World Bank 2004 work programme

Document UNEP/OzL.Pro/ExCom/42/21: contains the World Bank's work programme for 2004 as part of which funding has been requested at the 42nd Meeting for four activities. Three of the activities were recommended for blanket approval and have been considered in Agenda Item 7(a). Two other institutional strengthening projects, mentioned in the work programme for information only, will be submitted for funding to a future meeting in 2004: no action is requested at the present time. One activity related to the renewal of the institutional strengthening project is for individual consideration.

Issue to be addressed

- Consideration of approval of Phase IV of the institutional strengthening project for the Philippines. The Philippines is in non-compliance with the provisions of the Montreal Protocol relating to methyl bromide. Funding for the preparation of a methyl bromide phase-out plan in the Philippines was approved at the 39th Meeting. In circumstances of non-compliance the Executive Committee has in the past approved institutional strengthening for one year only, instead of the customary two years.

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

1. Approve the institutional strengthening renewal for the Philippines for one year only and express to the government the views contained in Annex II to document UNEP/OzL.Pro/ExCom/42/21.

(d) Investment projects

- (i) On-going projects, including sector and national phase-out plans, and refrigerant management plans**
- (ii) New requests for funding**

Document UNEP/OzL.Pro/ExCom/42/22/Rev.2: contains a list of nine projects for individual consideration (Table A) and a list of seven projects involving accelerated phase-out or maintaining momentum that might be funded from the window available for the purpose (Table B). All other investment projects, both on-going and new requests, were recommended for blanket approval and were considered in Agenda Item 7 (a).

Issues to be addressed

- In Table A (reproduced on the next page): each of the nine projects should be considered for approval individually. Project descriptions and the comments of the Secretariat can be found in the relevant country project document referred to in Table A (*if required, the Secretariat will outline the issue or issues involved*).

Country	Project title	Agency	Document Reference
Argentina	National CFC phase-out plan (first tranche)	UNIDO	UNEP/OzL.Pro/ExCom/42/24 and Corr.1
Cote d'Ivoire	Phase-out the use of methyl bromide (MB) commodities and storage fumigation	UNIDO	UNEP/OzL.Pro/ExCom/42/30
China	ODS phase-out in China solvent sector: 2004 tranche	UNDP	UNEP/OzL.Pro/ExCom/42/29 and Add.1
India	CFC Production sector gradual phase-out project: 2004 annual work programme	World Bank	UNEP/OzL.Pro/ExCom/42/33
India	CTC phase-out plan for the consumption and production sectors: 2004 annual implementation plan	France, Germany, Japan, and World Bank	UNEP/OzL.Pro/ExCom/42/33
Mexico	Technical assistance to comply with 2005 phase-out of 20% of methyl bromide	Canada, Spain, and UNIDO	UNEP/OzL.Pro/ExCom/42/39
Mexico	Sector plan for phasing out CFC-11 and CFC-12 production sector (second tranche)	UNIDO	UNEP/OzL.Pro/ExCom/42/39
Mexico	National CFC phase-out plan (first tranche)	UNIDO	UNEP/OzL.Pro/ExCom/42/39 and Add.1
Venezuela	National CFC phase-out plan (first tranche)	UNIDO	UNEP/OzL.Pro/ExCom/42/44, Corr.1, and Add.1

- In Table B (reproduced below): each of the seven projects conforms to one or more of the criteria for inclusion of projects in the window for accelerated phase-out or maintaining momentum adopted in Decisions 39/6 and 40/7. Project descriptions and the comments of the Secretariat on all seven projects can be found in the relevant country project document referred to in Table B. *(If required, the Secretariat will outline the issue or issues involved)*. Incremental costs have been agreed between the Secretariat and the relevant implementing agency for all except the final two projects in Table B: phase-out in the aerosol sector in Indonesia, and; national compliance action plan for Sri Lanka. The status of these two projects is indicated in the relevant country project documents

Country	Project title	Agency	Document reference	Window criteria
Bolivia	Terminal umbrella project for the commercial manufacturing sector	UNDP	UNEP/OzL.Pro/ExCom/42/26	Dec. 40/7 (b) (iii) and (b) (v)
Bosnia and Herzegovina	Phase-out of halon consumption	UNIDO	UNEP/OzL.Pro/ExCom/42/27	Dec. 40/7 (b) (ii)
Chile	Halon consumption phase-out : Part A: technical assistant programme; Part B: halon recycling and recovery equipment	World Bank	UNEP/OzL.Pro/ExCom/42/28	Dec. 40/7 (b) (ii)
India	National CFC consumption	Germany,	UNEP/OzL.Pro/ExCom/42/33,	Dec. 40/7 (b) (iv)

Country	Project title	Agency	Document reference	Window criteria
	phase-out plan focussing on the refrigeration service sector (first tranche)	Switzerland, UNDP, UNEP, and UNIDO	Add.1, and Corr.1	
Indonesia	Phase out of residual CFCs in the foam sector	World Bank	UNEP/OzL.Pro/ExCom/42/34, Add.2, and Corr.1	Dec. 40/7 (b) (iv) and (b) (v)
Indonesia	National plan for phasing out the use of CFC in the aerosol sector through a combination of policies, technical assistance, and enterprise investment initiatives	World Bank	UNEP/OzL.Pro/ExCom/42/34/ Add.1	Dec. 40/7 (b) (iv) and (b) (v)
Sri Lanka	National compliance action plan	Japan, UNDP and UNEP	UNEP/OzL.Pro/ExCom/42/42 and Corr.1	Dec. 40/7 (b) (v)

Note

Dec. 40/7 (b) (i) = New party

Dec. 40/7 (b) (ii) = Low consumption of methyl bromide, halon, CTC, and TCA

Dec. 40/7 (b) (iii) = LVCs with an RMP under Dec. 31/48

Dec. 40/7 (b) (iv) = Project preparation approved and used

Dec. 40/7 (b) (v) = Low residual consumption

Dec. 40/7 (b) (vi) = Phase-out of ODS production

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

1. approving each of the nine projects in Table A referred for individual consideration;
 2. whether it is satisfied that the five projects in Table B for which incremental cost have been agreed between the Secretariat and the relevant implementing agency are eligible for funding from the window and whether the projects should otherwise be approved;
 3. deferring the aerosol sector project for Indonesia in Table B with the provisos suggested in the Secretariat's recommendation contained in the project evaluation document;
 4. how it wishes to proceed with the national compliance action plan for Sri Lanka.
- 8. Reconciliation of 2002 accounts of the Multilateral Fund (follow-up to Decision 41/10 (b))**

Documents UNEP/OzL.Pro/ExCom/42/46: addresses the issues pending from the 41st Meeting of the Executive Committee of the reconciliation of 2002 accounts of the Multilateral Fund (Decision 41/10 (b)).

Issues to be addressed:

- Explanation of the Treasurer on adjustments requested for UNEP and UNIDO;
- Initial start-up costs of UNDP; and
- Difference between the World Bank's progress report and the Inventory of Approved Projects.

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

1. Noting the report on Reconciliation of 2002 accounts of the Multilateral Fund (follow-up to Decision 41/10 (b)) as presented in UNEP/OzL.Pro/ExCom/42/46.
 2. Noting the explanation of the Treasurer on how the following funds shown to be due to the implementing agencies were addressed in 2003 or what adjustments would be made in 2004 to provide the resources owed to the respective agencies as follows:
 - (a) US \$112,619 for UNEP;
 - (b) US \$1,169,476 for UNIDO.
 3. Agreeing the amount of the initial start-up costs for UNDP of [US \$401,250/US \$596,500].
 4. Agreeing that adjustments should be made to the Inventory of Approved Projects to reflect the amounts indicated in the Bank's progress report for the projects listed in Annex III of document UNEP/OzL.Pro/ExCom/42/46.
 5. Request the Treasurer to complete the reconciliation of the Accounts of the World Bank on the basis of audited 2002 Accounts and UNDP on the basis of the UNDP Comptroller's Review based on the figures derived from the reconciliation presented in UNEP/OzL.Pro/ExCom/41/12 and UNEP/OzL.Pro/ExCom/42/46 and any relevant decisions taken at the 42nd Meeting.
- 9. Service of the Treasurer (follow-up to Decision 41/3)**
- (a) **New agreement between UNEP and the Executive Committee**

Document UNEP/OzL.Pro/ExCom/42/47/Rev.1: presents information provided by the Executive Director of UNEP concerning a final draft agreement between UNEP and the Executive Committee. The highlighted sections in the final draft agreement indicate clauses where amendments/deletions are proposed by UNEP.

Issues to be addressed:

- Clause 1.4 requiring UNEP to seek contributions from other donors;
- Clause 1.8 requiring UNEP to design and manage a transparent system for encashment of promissory notes which maximizes benefits to the Multilateral Fund and the issuing Party; and
- Clause 3.1 indicating an annual fee of US \$500,000 per year fixed for five years.

Action expected from the Executive Committee: the Executive Committee might consider whether it wishes to amend or to endorse the final draft agreement containing UNEP's suggested amendments.

(b) Rate of return on UNEP's fund investments

Document UNEP/OzL.Pro/ExCom/42/48: in Decision 41/3 (f), the Executive Committee requested UNEP to provide information on the rate of returns of Fund investments. The document presents information received from UNON on this issue.

10. Treatment/encashment of promissory notes (follow-up to Decision 41/4).

Document UNEP/OzL.Pro/ExCom/42/49: at its 41st Meeting, the Executive Committee decided to request the Treasurer to provide a report to the 42nd Meeting of the Executive Committee on the historical use of promissory notes. It also decided to request the Treasurer to report on rules and/or systems for the transparent and equitable encashment of promissory notes used in other fora, with a view to enabling the Executive Committee to determine the advisability of establishing more standardized rules for the use of promissory notes, equitable treatment of all donors, and minimization of exchange rate losses. This document presents the response received from the Treasurer to this request which indicates that it was not possible for the Treasurer to complete a study of the magnitude requested in Decision 41/4 in time for the 42nd Meeting of the Executive Committee.

11. Report on programme support costs of bilateral cooperation projects (Decision 41/94 (c))

Document UNEP/OzL.Pro/ExCom/42/50: presents the views of the bilateral agencies on the applicability of the current administrative cost regime to bilateral agencies.

Issues to be addressed:

- Applicability of the current administrative cost regime established by Decision 38/68 to bilateral agencies; and
- Views of bilateral agencies.

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

1. Noting the report on programme support costs of bilateral cooperation projects as contained in UNEP/OzL.Pro/ExCom/42/50.
2. Noting with appreciation the inputs from Australia, Canada, Germany, Israel, Italy and Japan.
3. Maintaining the current administrative cost regime for bilateral agencies as indicated in Decision 26/41.

12. Country Programmes

Documents UNEP/OzL.Pro/ExCom/42/51 and UNEP/OzL.Pro/ExCom/42/52: contain, respectively, the country programme updates for the Democratic People's Republic of Korea and Mongolia.

Issues to be addressed:

- For D.P.R. Korea, the data discrepancies relating to the CTC baseline consumption as contained in the country programme update presented to the 40th Meeting of the Executive Committee have been resolved; and
- For Mongolia, no issues have been raised by the Secretariat.

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

1. Approve the country programme update of the Democratic People's Republic of Korea, noting that approval of the country programme update does not denote approval of the projects identified therein or their funding levels.
2. Approve the country programme update of Mongolia, noting that approval of the country programme update does not denote approval of the projects identified therein or their funding levels.

13. Terms of reference of the Executive Committee (follow-up to Decision 41/1)

Document UNEP/OzL.Pro/ExCom/42/53: contains the terms of reference of the Executive Committee as approved by the Ninth Meeting of the Parties and Decision XV/48 adopted by the Fifteenth Meeting of the Parties.

Issues to be addressed:

- Instituting a process for timely implementation of the request of the Parties in Decision XV/48.

Action expected from the Executive Committee: the Executive Committee might consider the appropriate action needed to submit a report to the Sixteenth Meeting of the Parties.

14. Report of the Executive Committee's Subgroup on Production Sector

The Subgroup will be reconstituted at the 42nd Meeting and will report to the meeting as required.
