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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-seventh Meeting
Montreal, 21-25 November 2005

**DRAFT REPORT OF THE EXECUTIVE COMMITTEE TO THE
SEVENTEENTH MEETING OF THE PARTIES**

1. The Draft Report of the Executive Committee to the Seventeenth Meeting of the Parties is presented in Annex I of this document.

RECOMMENDATION

2. The Executive Committee may wish to consider authorizing the Secretariat to finalize the report in the light of the discussions held and decisions taken at the 47th Meeting of the Executive Committee, as well as on comments made on this agenda item.

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 issue of the document.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

Introduction

1. The terms of reference of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro.9/12, Annex V) require the Executive Committee to report annually to the Meeting of the Parties. The present report, which covers the activities undertaken by the Executive Committee since the Sixteenth Meeting of the Parties, is submitted in fulfilment of that requirement. The report includes an annex ([Appendix I]), prepared in response to decision XVI/36, containing an assessment report on the recommendations of the 2004 Evaluation and Review of the Financial Mechanism of the Montreal Protocol, which replaces the annex in earlier reports prepared in response to decision X/31 on measures taken to improve the Financial Mechanism of the Tenth Meeting of the Parties.

2. During the reporting period, the 44th Meeting of the Executive Committee was held in Prague from 29 November to 3 December 2004, and the 45th, 46th and 47th Meetings were held in Montreal, from 4 to 8 April 2005, from 4 to 8 July 2005, and from 21 to 25 November 2005, respectively. The reports of those meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/44/73 and Corr.1, UNEP/OzL.Pro/ExCom/45/55, UNEP/OzL.Pro/ExCom/46/47, and [UNEP/OzL.Pro/ExCom/47/___].

3. In accordance with decision XV/46 of the Fifteenth Meeting of the Parties, the 44th Meeting of the Executive Committee was attended by Austria (Vice-Chair), Belgium, Canada, Hungary, Japan, the United Kingdom of Great Britain and Northern Ireland and United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by Argentina (Chair), Bangladesh, China, Cuba, the Islamic Republic of Iran, Mauritius and Niger representing Parties operating under paragraph 1 of Article 5.

4. In accordance with decision XVI/43 of the Sixteenth Meeting of the Parties, the 45th, 46th and 47th Meetings of the Executive Committee were attended by Austria (Chair), Belgium, Canada, the Czech Republic, Japan, the United Kingdom of Great Britain and Northern Ireland, and United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by Brazil, Cuba, Niger, the Syrian Arab Republic (Vice-Chair), Thailand, the Former Yugoslav Republic of Macedonia and Zambia, representing Parties operating under paragraph 1 of Article 5.

5. The 44th Meeting was chaired by Ms. Marcia Levaggi (Argentina), with Mr. Paul Krajnik (Austria) acting as Vice-Chair. The 45th, 46th and 47th Meetings were chaired by Mr. Paul Krajnik (Austria), with Mr. Khaled Klaly (Syrian Arab Republic) acting as Vice-Chair. Ms. Maria Nolan, Chief Officer, acted as Secretary for the meetings.

A. Procedural matters

Operation of the Executive Committee

6. The Executive Committee had operated without sub-committees pursuant to a decision by the 41st Meeting. The new regime was introduced on a trial basis for a year and the Secretariat was requested to submit a report on its operation to the 44th Meeting. At its 44th Meeting the Executive Committee decided to continue to meet in plenary and requested the Secretariat to prepare a document compiling the views of Executive Committee members on the financial implications for reducing the number of Executive Committee Meetings and establishing an intersessional procedure. At its 45th Meeting the Executive Committee examined the financial implications of reducing the number of meetings per year and decided that in light of the continuing heavy workload, the Executive Committee would continue to meet three times a year. The 46th Meeting also considered the proposals for the creation of an intersessional approval procedure but decided to reconsider the issue at its 50th Meeting.

Subgroup on the Production Sector

7. The Subgroup on the Production Sector composed of Bangladesh, Canada (facilitator), China, Cuba, Japan, Mauritius, the United Kingdom of Great Britain and Northern Ireland and the United States of America met in the margins of the 44th Meeting. Pursuant to Decision 45/1, the Executive Committee reconstituted the Subgroup at its 45th Meeting with the following composition of Brazil, Canada (facilitator), Japan, the Syrian Arab Republic, Thailand, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Subgroup met in the margins of the 45th, 46th and 47th Meetings of the Executive Committee.

B. Financial matters

Status of contributions and disbursements

8. As at [17 October 2005], the total income to the Multilateral Fund, including interest, bilateral contributions and miscellaneous income, amounted to [US \$2,015,948,351], and the total disbursement, including provisions, amounted to [US \$1,865,247,142]. The balance available at [17 October] 2005 therefore amounted to [US \$ 115,418,095].

9. The yearly distribution of contributions against pledges is as follows:

Table 1

Year	Pledged contributions US \$	Total payments US \$	Arrears/outstanding pledges US \$
1991 – 1993	[234,929,241]	[210,359,139]	[24,570,102]
1994 – 1996	[424,841,347]	[393,465,069]	[31,376,278]
1997 – 1999	[472,567,009]	[429,482,990]	[43,084,019]
2000-2002	[440,000,001]	[429,113,771]	[10,886,230]
2003-2005	[474,000,001]	[402,826,173]	[71,173,830]
Total:	[2,046,337,599]	[1,865,247,142]	[181,090,459]

Note: As of [17 October] 2005

Contributions in arrears

10. As at [17 October 2005], the accumulated arrears for 1991-2005 stood at [US \$ 181,090,458]. Of this amount, [US \$103,746,599] is associated with countries with economies in transition (CEITs), and [US 77,343,860] is associated with non-CEIT countries. Outstanding contributions for 2005 amounted to [US \$ 63,173,932.]

Bilateral contributions

11. During the reporting period, the Executive Committee approved requests by Canada, France, Germany, Italy, Japan, Spain, Sweden, Switzerland and the United States of America to credit bilateral assistance amounting to a total of [US \$ 18,190,399]. This brings the total for bilateral cooperation to [US \$ 98,869,940], which represents approximately [5.3] per cent of funds approved. The range of bilateral projects approved included *inter alia* refrigerant management plan (RMP) updates; terminal phase-out management plans for CFCs (TPMP); national CFC phase-out management plans; CTC phase-out plans; ODS phase-out plans; refrigeration servicing sector CFC phase-out plans; a CFCs, CTC, and halon accelerated phase-out plan; project preparation for terminal phase-out plan; and phase-out plans for methyl bromide.

Issues pertaining to contributions

Timely payment by donor countries

12. The issue of the timely payment by donor countries was discussed at all the Meetings during the period covered by this report. The 45th Meeting also requested the Chair to send letters to those donor countries that had arrears, up to and including 2004, to ask them to indicate when they would be able to meet their commitments. With the assistance of the Secretariat a letter had subsequently been sent to 13 countries with outstanding contributions for 2004, or prior years, urging them to make payments.

Promissory Notes

13. At the 45th Meeting, the Executive Committee heard a report on the proportion of contributions being made in promissory notes. Although some implementing agencies accepted promissory notes, others preferred to have the Treasurer hold onto them and then cash them as needed. That sometimes caused delays in the transfer of funds from the Treasurer to the implementing agencies. In its Decision 45/59 the Executive Committee requested the Treasurer, prior to each meeting, to circulate to the Secretariat and to the implementing agencies a ledger indicating when promissory notes had been transferred, received and encashed.

Fixed-exchange-rate-mechanism (FERM)

14. The Executive Committee heard reports on the losses and gains of the FERM at all of its Meetings during the period covered by this report. As of [17 October 2005] the FERM had resulted in gains to the fund of [US \$7,454,722].

Accounts of the Multilateral Fund

2003 accounts of the Multilateral Fund

15. The 44th Meeting took note of the 2003 accounts (UNEP/OzL.Pro/ExCom/44/65/Rev.1) and decided to continue its practice of recording any changes reported by implementing agencies to a previous period's expenditure as part of the current period's transactions. The Treasurer was directed to review the pertinent aspects of the implementing agency agreements to address the issue of new cash advances being granted when old ones had not been fully accounted for. At the 45th Meeting the Treasurer also clarified that, in respect of cash advances, the Treasurer's role was limited to net transfers.

2004 accounts

16. At its 46th Meeting, the Executive Committee took note of the provisional accounts for 2004 and noted that the final accounts would be submitted to the 47th Meeting. In relation to the delayed encashment of promissory notes, the Executive Committee, at its 44th Meeting, requested the Treasurer to make the necessary adjustments to ensure that sufficient funds would be available to implementing agencies to cover the approvals made by the Executive Committee.

Reconciliation of the 2002, 2003 [and 2004] accounts

17. The 44th Meeting also requested that the Treasurer, the implementing agencies and the Secretariat hold a workshop on common terminology and procedures for the reconciliation of accounts and to clarify usage of terms and procedures. The Secretariat submitted the report of the Workshop on Common Terminology and Procedures to the Executive Committee at its 45th Meeting (UNEP/OzL.Pro/ExCom/45/50). This report was considered by the Executive Committee which asked that further work be carried out to both finalize the detailed description of procedures, and the roles and responsibilities for the reconciliation of accounts. In this context the Executive Committee requested that draft agreements between the implementing agencies and the Treasurer be prepared for review and endorsement by the Executive Committee. The Committee also requested that the Secretariat prepare an information document on internal practices and procedures for the 46th Meeting. The Secretariat submitted the draft text of the agreements between the Treasurer and the implementing agencies to the 46th Meeting and the Executive Committee endorsed the text of the agreements.

Budget for the Fund Secretariat for 2005, 2006 and 2007

18. The 44th Meeting considered the revised budgets for the Fund Secretariat for 2005 and 2006 and the proposed budget for the salary component for 2007. The Executive Committee adopted the revised budget for 2005 at an amount of US \$3,867,547, the revised 2006 budget totalling an amount of US \$2,563,624 and the proposed 2007 salary component of the budget at an amount of US \$2,676,214.

19. [The 47th Meeting considered the revised 2006 and 2007 budgets of the Fund Secretariat and the proposed budget for the salary component for 2008. The Executive Committee adopted

the revised budget for 2006 at an amount of US \$_, the revised 2007 budget totalling an amount of US \$_ and the proposed 2008 salary component of the budget at an amount of US \$_].

C. Business Planning and Resource Management

Implementation of the 2004 business plan of the Multilateral Fund

20. At its 44th meeting, the Executive Committee noted the status report on the implementation of the 2004 business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/44/5 and Add.1) which reviewed the status of implementation of the 2004 business plans in light of the submissions made to the 44th Meeting and the previous approvals at the 42nd and 43rd Meetings.

2005-2007 business plans of the Multilateral Fund

21. At its 45th Meeting, the Executive Committee considered the business plans of the Multilateral Fund (UNEP/OzL.Pro/ExCom/45/5), which consisted of the business plans of the four implementing agencies (UNEP/OzL.Pro/ExCom/45/7, UNEP/OzL.Pro/ExCom/45/8, UNEP/OzL.Pro/ExCom/45/9 and Corr.1, and UNEP/OzL.Pro/ExCom/45/10) and of those non-Article 5 countries that have bilateral cooperation programmes (UNEP/OzL.Pro/ExCom/45/6 and Corr.1). The plans covered a total of US \$244.5 million in projects and activities for 2005. The Executive Committee urged bilateral and implementing agencies to increase their efforts to implement approved projects to phase-out 96,734 ODP tonnes of consumption and production of controlled substances in 2005.

22. At the 45th Meeting, the Executive Committee decided that HCFC surveys could be included in the business plans on the understanding that the goal of the surveys was to enable the Executive Committee to establish an eligible national aggregate level of HCFC consumption against which proposals would be funded. At the 45th Meeting, the Executive Committee also decided to maintain metered dose inhaler transition strategies in countries with no remaining funding eligibility.

Chiller projects

23. At its 45th Meeting, in the light of decision XVI/13 of the Parties, the Executive Committee decided to establish a funding window amounting to US \$15.2 million for the chiller sector in 2005. The Executive Committee considered, at its 46th Meeting, a study on criteria and modalities for chiller demonstration projects that should be prepared pursuant to decision XVI/13 of the Sixteenth Meeting of the Parties (UNEP/OzL.Pro/ExCom/46/37). Based on discussions, the Executive Committee decided to utilize the funding window of US \$15.2 million for additional demonstration projects in the chiller sub-sector, on the understanding that no further funding for chiller replacement would be approved by the Executive Committee. A number of conditions for investment projects would be applied such as: the relevant countries should have enacted and should be enforcing legislation to phase out ODS; the maximum Multilateral Fund grant to a country would be US \$1,000,000; and, as the projects were intended to use financial

resources outside the Multilateral Fund (such as national programmes or the Global Environment Facility or other sources), the credibility of those financial resources should be indicated when the project was submitted for approval by the Executive Committee.

24. The Executive Committee approved funding for preparation of chiller projects by the multilateral implementing agencies. This funding would cover the development of project methodologies and demonstration project proposals, to be prioritized according to a number of specific criteria in order to facilitate the decision-making process of the Executive Committee. The Executive Committee also asked UNEP to submit a global information project proposal covering relevant chiller information, including dissemination and awareness activities, which would have the objective of disseminating the experience gained in the demonstration projects globally.

Status of implementation of the 2005 business plan

25. At its 46th Meeting, the Executive Committee considered a report on the status of implementation of the 2005 business plans (UNEP/OzL.Pro/ExCom/46/5 and Add.1), and noted with concern the number of proposals to be submitted to the 47th Meeting and that US \$133 million remained to be submitted for activities in the 2005 business plans. The Executive Committee urged bilateral and multilateral agencies with projects in the 2005 business plans for countries subject to decisions of the Meeting of the Parties on compliance to submit those projects to the 47th Meeting. The Executive Committee also requested the Secretariat to include an explanatory section for the table on projects in all further reports on countries subject to compliance decisions. [At its 47th meeting, the Executive Committee reviewed the status of implementation of the 2005 business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/47/5/Rev.1) in light of the submissions made to the 47th Meeting and the previous approvals at the 45th and 46th Meetings.]

2004 and 2005 work programmes

26. The 44th Meeting approved amendments to the 2004 work programmes of the implementing agencies, subject to a certain number of criteria and comments relating to individual projects. The 45th, 46th and 47th Meetings approved amendments to the 2005 work programmes of the implementing agencies, subject to a certain number of criteria and comments relating to individual projects.

Balances and the availability of resources

27. The issue of the project funds and support costs returned from completed and cancelled projects was discussed at all the meetings during the period during the reporting period and the amounts returned by the agencies were noted by the Committee.

Model rolling three-year phase-out plans: 2005-2007 [and 2006-2008]

28. At its 44th Meeting, the Executive Committee considered an updated model plan for the years 2005-2007. The Executive Committee adopted the model plan as a flexible guide for resource planning to phase out eligible ODS for the corresponding triennium and requested the Secretariat to present an undated model rolling phase-out plan for the years 2006-2008 to the 47th Meeting. [At its 47th Meeting, the Executive Committee considered an updated model plan for the years 2006-2008].

Funding window to accelerate phase-out and maintain momentum

29. The Executive Committee decided, at its 44th Meeting, that the need for a special funding window for accelerated phase-out would be based on the availability of funds remaining after considering the funding required for projects to meet compliance needs.

D. Fund achievementTotal ODS phased out

30. Since 1991, [4,895] projects and activities (excluding cancelled and transferred projects) have been approved with the following geographical distribution: [2,227] projects and activities have been approved for countries in Asia and the Pacific; [1,309] for countries in Latin America and the Caribbean, [1,030] for countries in Africa, [263] for countries in Europe and [266] with global coverage. Of the [329,240] ODP tonnes of ODS to be eliminated when all these projects are implemented, a total of [244,397] ODP tonnes of ODS had already been phased out as of the end of 2004. The sectoral distribution of this phase out within the consumption and production sectors is indicated in the table 2 below:

Table 2

Sector	ODP approved	ODP phased out
Consumption		
Aerosol	[25,717.0]	[24,923.8]
Foam	[63,968.0]	[57,773.1]
Fumigant	[4,703.5]	[1,872.1]
Halon	[38,487.9]	36,048.6]
Multi-sector	[670.0]	[454.6]
Tobacco expansion	[1,230.0]	[[1,074.0]
Process agent	[5,770.3]	[1,134.3]
Production	-	
Refrigeration	[42,011.5]	[35,908.9]
Solvent	[6,800.6]	[4,899.6]
Sterilant	[55.0]	[30.7]
Phase-out plan	[21,914.7]	[5,477.2]
Several	[660.5]	[204.1]
Total consumption	[211,988.9]	169,800.9]
Production		

Sector	ODP approved	ODP phased out
CFC	[50,236.6]	[32,363.6]
Halon	[1,200.0]	[1,200.0]
CTC	[25,466.0]	[9,295.0]
Multiple ODS	[500.0]	[500.0]
TCA	[33.8]	
Total production	[77,436.4]	[43,358.6]

*Excluding cancelled and transferred projects

Funding and disbursement

31. The total funds approved since 1991 by the Executive Committee to achieve this phase-out and to implement both ongoing investment projects and all non-investment projects and activities are [US \$1,674,302,202] plus [US \$180,830,541] for agency support costs. Of the total project funds approved, the amounts allocated to, and disbursed by, each of the implementing agencies and bilateral agencies, are indicated in the table 3 below:

Table 3

Agency	US \$ approved (1)	US \$ disbursed (2)
UNDP	[485,650,501]	[368,747,397]
UNEP	[97,879,748]	[72,914,862]
UNIDO	[412,167,406]	311,661,847]
World Bank	[760,614,779]	[575,076,601]
Bilateral	[98,961,137]	[52,874,107]
Total	[1,855,273,571]	[1,381,274,814]

(1) As at [1 November 2005]

(2) As at 31 December 2004

Projects and activities approved during the reporting period (October 2004 – [October 2005])

32. During the period since the 43rd Meeting, the Executive Committee approved a total of [297] additional projects and activities, with a planned phase-out of [68,009] ODP tonnes of production and consumption of controlled substances. It approved US \$[163,661,883] including US \$[16,458,815] for agency support costs, for their implementation, as follows:

Table 4

Agency	US \$ approved	US \$ support	US \$ total
UNDP	[24,421,247]	[3,486,091]	27,907,338]
UNEP	[11,959,394]	[887,543]	[12,846,937]
UNIDO	[31,617,334]	[3,887,668]	[35,505,002]
World Bank	[61,410,806]	[6,356,717]	[67,767,523]
Bilateral	[17,794,287]	[1,840,796]	[19,635,083]
Total	[147,203,068]	[16,458,815]	[163,661,883]

Investment projects

33. Of the total funds approved in the relevant period, the Executive Committee allocated US \$ [163,661,885] for the implementation of investment and demonstration projects which will eliminate an estimated quantity of [58,182] ODP tonnes in consumption and production of ODS when implemented.

34. The following is a breakdown by sector:

Table 5

Sector	ODP tonnes	US \$ approved
Aerosol	[239.9]	[1,201,191]
Foam	[2,813.3]	[13,720,729]
Fumigant	[986.9]	[11,845,971]
Halon	-	[2,093,424]
Other	[200.0]	[1,827,500]
Process agent	[20,727.0]	[2,150,000]
Production	[15,397.0]	[46,340,625]
Refrigeration	[1,243.7]	[12,824,780]
Solvent	[794.9]	[9,488,256]
Phase-out plan	[15,711.4]	[42,032,533]
Several	[68.2]	[20,136,874]

35. During the reporting period, the Executive Committee approved agreements with a number of countries, *inter alia*:

Table 6

Country	Project	To be implemented by	US \$ Cost	US \$ Support	US \$ Total
Fumigant sector					
Brazil	Total phase-out of methyl bromide used in tobacco, flowers, ornamental plants, strawberries and other uses	Spain and UNIDO	2,030,641	184,220	2,214,861
Chile	Phase-out of all the remained uses of methyl bromide in soil application pest control	World Bank	2,547,156	191,037	2,738,193
China	National phase-out of methyl bromide	UNIDO, Italy	14,789,342	1,279,201	16,068,543
Cuba	Phase-out of methyl bromide in soil, substrate, storage and structure fumigation	UNIDO	1,673,324		1,673,324
Morocco	Phase-out of methyl bromide used for soil fumigation in tomato production (Revised agreement)	UNIDO			3,912,949 (revised funding level)
Thailand	National methyl bromide phase-out plan	World Bank	2,901,600	217,620	2,901,600
[]	[]	[]	[]	[]	[]
Phase-out plans					
China	Refrigeration servicing sector CFC phase-out plan	Japan, UNEP and UNIDO	7,885,000	836,130	8,721,130
Dominican Republic	Terminal phase-out plan for Annex-A (Group-I) substances	UNDP	1,711,600	128,370	1,839,970
Egypt	National CFC phase-out plan	UNIDO	3,100,000	232,500	3,332,500
The Former Yugoslav Republic of Macedonia	Terminal phase-out plan for CFCs	UNIDO	279,081	20,931	300,012
India	CTC phase-out for the consumption and production sectors	France, Germany, Japan, World Bank and UNIDO	8,099,045	714,928	8,813,973
Indonesia	National CFC phase-out plan	UNDP, World Bank and UNIDO	20,645,507	1,754,701	22,400,208
Kenya	National phase-out plan for Annex-a (Group-I) substances	France	725,000	94,250	819,250
Mexico	National CFC phase-out plan	UNIDO and World Bank	4,978,000	373,350	5,351,350

Country	Project	To be implemented by	US \$ Cost	US \$ Support	US \$ Total
Lebanon	National phase-out plan for Annex-A, (Group-I) substances	UNDP	2,091,420	156,857	2,248,277
Panama	National phase-out plan for Annex-A, (Group-I) substances	UNDP and UNEP	993,152	77,237	1,070,389
Romania	National CFC phase-out plan	UNIDO and Sweden	545,300	47,470	592,770
Sudan	National CFC/CTC phase-out plan	UNIDO	1,139,480	85,461	1,224,941
Viet Nam	National CFC and halon phase-out plan	World Bank	1,260,000	94,500	1,354,500
[]	[]	[]	[]	[]	[]
Production sector					
China	Accelerated phase-out plan for CFCs/CTC/halon 1301	World Bank and the United States of America	10,000,000	750,000	10,750,000}
Venezuela	Phase-out CFC production capacity	World Bank	16,500,000	1,237,500	17,737,500
[]	[]	[]	[]	[]	[]

Production Sector

36. The facilitator of the Subgroup on the Production Sector reported to the 44th Meeting on the Subgroup's work, following which the Executive Committee approved in principle agreements to accelerate the phase-out of CFC, CTC and halon 1301 production in China and to phase-out CFC production in Venezuela. The Executive Committee also decided to approve funds totalling US \$60,000 to supplement the Secretariat's account for technical audits.

37. At its 45th Meeting, the Executive Committee also approved US \$40,000 for project preparation of the methyl bromide production phase-out project in China and US \$25,000 for project preparation of the ODS phase-out project in Romania, plus related support costs. Based on the outcome of the Subgroup's discussions of a technical audit on the ODS production sector in Romania, held in the margins of the 46th Meeting, the Executive Committee requested UNIDO to take into account the findings of the audit report when preparing an investment project for Romania. [The Subgroup met at the 47th Meeting of the Executive Committee.]

Non-investment activities

Technical assistance and training

38. During the reporting period, [107] technical assistance and training projects amounting to US \$ [20,347,802] were approved, bringing the number of technical assistance projects and training activities approved since the inception of the Multilateral Fund to a total cost of US \$ 183,631,117] This amount does not include the non-investment components of the multi-year phase-out agreements.

Compliance Assistance Programme (CAP)

39. The 44th Meeting of the Executive Committee approved the 2005 budget for UNEP's Compliance Assistance Programme (CAP) amounting to US \$7,157,544 including US \$572,604 for agency support costs on the understanding that there would be provision within the budget for a halon officer for the West Asian region, the approval of a half-time general service post as assistant to the Regional Network Coordinator for Europe and Central Africa, and that any additional professional position for the West Asia region would be funded from within the CAP budget. The approval of the budget was also conditional on a reduction of US \$40,000 to the amount for temporary assistance to establish the CAP (budget line 1317) and approval of the programme line on sub-contracting for a one-year trial period, (budget line 2299) at the conclusion of which UNEP would report to the Executive Committee on the sub-contracts entered into at the regional level. The Executive Committee also requested UNEP to continue to report to the Executive Committee on the actual allocation and use of the 8 per cent support costs between support services pertaining to the implementation of the CAP and the administrative support costs charged by the United Nations Office at Nairobi. [The 47th Meeting of the Executive Committee approved the 2006 budget for UNEP's Compliance Assistance Programme (CAP) amounting to US \$_ including US \$_ for agency support costs.]

Institutional strengthening

40. During the reporting period, US \$[160,693] were approved for institutional strengthening projects in 4 countries and US \$[6,061,233] for renewal of institutional strengthening projects in 56 countries. This brings the total approvals by the Executive Committee to US \$ [52,684,667] for institutional strengthening projects in [137] Article 5 countries.

Country programmes

41. Country programmes were approved during the reporting period for [country name], Bhutan, Cape Verde, San Tome and Principe and []. [In addition, a country programme update was approved for ____.] The total number of approved country programmes thus rose to [], covering the estimated production of [] ODP tonnes of CFCs and halons and consumption of [] ODP tonnes of controlled substances (as reported to the Fund Secretariat by Article 5 countries).

E. Monitoring of project implementation

Progress reports

42. At its 46th Meeting, the Executive Committee took note of the progress report on bilateral cooperation (UNEP/OzL.Pro/46/11), the progress reports of the implementing agencies (UNEP/OzL.Pro/46/12 and Corr.1, UNEP/OzL.Pro/46/13, UNEP/OzL.Pro/46/14 and UNEP/OzL.Pro/46/15) and the consolidated progress report prepared by the Secretariat (UNEP/OzL.Pro/46/10), as at 31 December 2004.

43. The Executive Committee noted that the 2004 progress reports showed a slow rate of project completion and a lower level of phase-out than planned. The Executive Committee encouraged bilateral implementing agencies and Article 5 countries to expedite project implementation.

44. The 46th Meeting also requested the Secretariat, in collaboration with the bilateral and implementing agencies, to address the issue of how to account for progress in the implementation of projects with annual funding tranches and prepare a discussion paper outlining new options for monitoring and assessing the progress of implementing agencies with regard to multi-year agreements.

Project implementation delays

45. The Executive Committee continued to monitor closely projects with implementation delays during the reporting period and noted that, with regard to projects with implementation delays, the Secretariat would take the established action according to its assessment of status and would notify the governments and implementing agencies concerned.

46. At the 46th Meeting, the Executive Committee considered a report (UNEP/OzL.Pro/ExCom/46/18) that contained data submitted by the implementing agencies that indicated that many of the problems associated with implementation delays could be resolved either during project preparation or through liaison with the countries and beneficiaries concerned. The Executive Committee took note of the report and encouraged bilateral and implementing agencies to take the findings into account during future project design and implementation.

Completed projects with balances

47. During the reporting period, up to the 47th Meeting, the implementing agencies returned a total of US \$[960,219] to the Multilateral Fund from completed and cancelled projects, as indicated in the table 7 below:

Table 7

Agency	Total funds returned (US \$)	Total support cost returned (US \$)
UNDP	[833,436]	[107,291]
UNEP	[1,542,846]	[176,548]
UNIDO	[1,364,740]	[146,834]
World Bank	[4,271,824]	[529,546]
Total	[8,012,846]	[960,219]

Implementation of Monitoring and evaluation work programmes

Final evaluation report on halon banking projects for countries with low volumes of installed capacities

48. At its 44th Meeting the Executive Committee discussed the final evaluation report on halon banking for countries with low volumes of installed capacities. The report showed that with few exceptions, the countries with halon management projects had reduced their consumption in accordance with the Montreal Protocol or in advance of the schedule. In view of the particularly high ODP values of halons, the Executive Committee decided to continue to consider funding for countries with low volumes of installed halon capacities with some degree of flexibility. Taking into account that flexibility, the Executive Committee decided to allow the submission of halon banking update projects for countries that had received less than US \$50,000 for halon banking.

49. The 44th Meeting also decided that countries with low volumes of installed halon capacities should concentrate project activities on stakeholders workshops, training, development of import controls/bans and awareness raising, and consider the usefulness of the creation of a regional clearing house for providing information on sources for recycled halons and on other alternatives.

2004[and 2005] consolidated project completion report[s]

50. The 44th Meeting considered the 2004 consolidated project completion report (UNEP/OzL.Pro/ExCom/44/11 and Add. 1) that indicated that a number of project completion reports were still outstanding. The Executive Committee requested the implementing agencies to provide the information still missing in a number of project completion reports and clear the backlog of project completion reports for projects completed before the end of 2000 by the end of January 2005. [The 47th Meeting considered the 2004 consolidated project completion report (UNEP/OzL.Pro/ExCom/47/8 & Add.1)].

Evaluation of customs officers training and licensing system projects

51. The 44th Meeting noted the desk study on the evaluation of customs officers training and licensing system projects. At its 45th Meeting, the Executive Committee considered a report on the evaluation of customs officers training and licensing system projects (UNEP/OzL.Pro/ExCom/45/11), that outlined the licensing systems in the countries visited, the customs procedures, the illegal imports detected, the training courses conducted, the refrigerant identifiers delivered, the experiences reported and the improvements suggested. Following a revision of the report as requested by the Executive Committee, it was submitted to the 25th Meeting of the Open-ended Working Group. The Open-ended Working Group took note of the report and decided to forward it to the Seventeenth Meeting of the Parties.

Monitoring and evaluation work programme for the year[s] 2005 [and 2006]

52. The 44th Meeting approved the 2005 work programme for monitoring and evaluation at a budget of US \$246,000. The 2005 work programme included an evaluation of refrigerant

management plans in non-low-volume-consuming countries, an evaluation of methyl bromide projects, a desk study on the evaluation of national phase-out plans, and a desk study on non-compliance with the freeze in consumption of CFCs, halons, methyl bromide and methyl chloroform. At its 46th Meeting, the Executive Committee decided to add US \$80,000 to the budget for the 2005 monitoring and evaluation work programme for the preparation of country case studies for the evaluation of national and sectoral phase-out plans in the second half of 2005, combined with the evaluation of refrigerant management plans in non-low-volume-consuming countries.

Extended desk study on the evaluation of national phase-out plans

53. At its 45th Meeting, the Executive Committee considered a desk study on the evaluation of national phase-out plans (UNEP/OzL.Pro/ExCom/45/12). The Executive Committee took note of the desk study and decided that the follow-up phase of the evaluation should take into account the fact that in many countries delays were caused by administrative problems related to the development of new processes and procedures. The evaluation should also take into account the cost of independent verification and the fact that the levels of ODS phase-out were not directly proportional to the levels of disbursement.

Final report on the evaluation of methyl bromide projects

54. At its 46th Meeting, the Executive Committee considered the final report on the evaluation of methyl bromide projects (UNEP/OzL.Pro/ExCom/46/7), which included both a desk study and a field study. A major problem facing methyl bromide phase-out projects was that some users were not convinced that there was an economically competitive replacement for methyl bromide. The Executive Committee urged bilateral and implementing agencies and countries to examine the long-term sustainability and economic viability of alternatives to methyl bromide in more detail and also urged them to more fully involve all key stakeholders. The Executive Committee also urged bilateral and implementing agencies to assist government authorities to develop policy measures from the onset of project implementation. Bilateral and implementing agencies were requested to explore the feasibility of regional agreements between Article 5 countries facing similar issues in order to facilitate the phase-out, standardize regulations and minimize the risk of illegal trade.

Desk study on non-compliance with the freeze in consumption of CFCs, halons, methyl bromide and methyl chloroform

55. At its 46th Meeting, the Executive Committee considered a desk study on non-compliance with the freeze in consumption of CFCs, halons, methyl bromide and methyl chloroform (UNEP/OzL.Pro/ExCom/46/8 and Corr.1), which followed from concerns that had been expressed at the 43rd Meeting about implementation delays and the possibility that such delays could contribute to non-compliance. The Executive Committee took note of the report and requested that a full analysis and follow-up study on cases of non-compliance, including field visits, be included in the monitoring and evaluation work programme for 2006. [This activity was included in the work programme for the year 2006 which was approved at the 47th Meeting of the Executive Committee.]

F. Potential compliance with the initial and intermediate control measures of the Montreal Protocol

Status of Article 5 countries in achieving compliance with the initial control measures of the Montreal Protocol

56. At its 44th Meeting, the Executive Committee considered a report on the status of Article 5 countries in achieving compliance with the initial and intermediate measures of the Montreal Protocol (UNEP/OzL.Pro/ExCom/44/6 and Corr.1). In order to address the eligible consumption highlighted in the report, the Executive Committee requested the bilateral and implementing agencies to include in their 2005-2007 business plans activities for countries in non-compliance or at risk of non-compliance with specific Montreal Protocol control measures.

57. At its 46th meeting the Executive Committee considered a revised report on the status of Article 5 countries in achieving compliance with the initial and intermediate measures of the Montreal Protocol (UNEP/OzL.Pro/ExCom/46/6 and Add.1) that showed that projects and agreements for funding were already in place for the elimination of all but some 16,373 ODP tonnes of ozone depleting substances. The Executive Committee requested that the Secretariat reformat the report to focus on actual and potential compliance issues, to address the 85 per cent reduction for CFCs in 2007 and to include a report on all Article 5 countries and not just those being supported by the Multilateral Fund. [A refocused document was prepared by the Secretariat for consideration by the 47th Meeting of the Executive Committee.]

58. The Executive Committee, at its 46th Meeting, also asked agencies to ensure project proposals are submitted to address halons in two countries and CTCs in three countries. The Executive Committee urged bilateral and implementing agencies implementing institutional strengthening project to inform National Ozone Units of the requirement to provide all the data necessary in order to receive the maximum two-year renewal of institutional strengthening.

Review of the requirements for further assistance for the post-2007 period for low-volume-consuming countries

59. At its 45th Meeting the Executive Committee considered an analysis of the results of refrigerant management plans to phase-out CFC consumption in the refrigeration servicing sector in low-volume-consuming countries. The Executive Committee urged bilateral and implementing agencies on behalf of low-volume-consuming countries without approved terminal phase-out management plans (TPMPs) to submit TPMP proposals. It also established the conditions for their approval, the possible levels of funding and the requirements for verification, and decided that additional funding could be requested for the preparation of such TPMPs.

G. Policy Matters

Criteria of the assessment of progress reports and verification audits of multi-year agreements

60. At the 44th Meeting, the Executive Committee reviewed proposed criteria for the assessment of progress reports and the verification audits of multi-year agreements, prepared pursuant to Decision 43/38 (UNEP/OzL.Pro/ExCom/44/70). Also in order to advance the development of the criteria, it decided to organize a seminar on the subject in the margins of the 45th Meeting.

61. At its 46th Meeting, the Executive Committee heard the report of the seminar held during the 45th Meeting and considered the revised criteria (UNEP/OzL.Pro/ExCom/46/44). The Meeting had formed a Contact Group, chaired by the representative of Brazil, to further consider the matter. Based on the report of the chair of the Contact Group, the Executive Committee decided to approve the guidelines for the verification of consumption targets in multi-year agreements and request that bilateral and implementing agencies apply the guidelines to the verification of national consumption targets in the multi-year agreements, starting with the verification of consumption for the year 2005. The Secretariat was requested to review the implementation of the guidelines at the end of 2007.

Revised country programme reporting format

62. At its 44th meeting the Executive Committee discussed monitoring and reporting requirements for refrigerant management plans and/or TPMPs (UNEP/OzL.Pro/ExCom/44/70). The Executive Committee decided to replace the existing format for reporting on the implementation of country programmes and to request the National Ozone Units, starting in 2006, to use the revised format. The Meeting also requested the Secretariat to incorporate the data collected into the annual analysis forecasting the compliance potential of Article 5 countries. The Executive Committee decided to review the implementation of the revised format at its last meeting in 2007.

Evaluation and review of the financial mechanism of the Montreal Protocol

63. Pursuant to decision XVI/2 of the Sixteenth Meeting of the Parties, the 44th Meeting considered the report of the 2004 evaluation of the financial mechanism of the Montreal Protocol and decided to convene a contact group to meet in the margins of the 45th Meeting to draft a preliminary assessment report on the recommendations contained in the 2004 evaluation and review of the financial mechanism of the Montreal Protocol. The 45th Meeting considered the draft report of the contact group and decided that the report, containing a summary of actions taken on the recommendations of the study of the financial mechanism, be submitted to the 25th meeting of the Open-ended Working Group

64. On the basis of the report of the contact group, the 45th Meeting also decided that pre-session meeting documents be classified for "General Distribution", with the exception of any project for which a party requested restricted access pending consideration by the Executive

Committee. A primer on the rules and practices of the Executive Committee was also prepared for the 47th Meeting. []

65. The 45th Meeting requested the Treasurer to continue to report annually on progress in documenting the Treasurer's internal procedures and practices annually until they had been fully documented. A progress report was considered at the 46th Meeting (UNEP/OzL.Pro/ExCom/46/Inf.2) [and a final progress report on documenting the internal practices and procedures was submitted to the 47th Meeting].

Review of guidelines relating to the collection, recovery, recycling and destruction of ozone-depleting substances

66. At its 44th Meeting, the Executive Committee, in light of paragraph 6 of decision IV/18 of the Meeting of the Parties, requested the Secretariat to collect existing guidelines relating to collection, recovery, recycling and destruction of ozone-depleting substances. The 46th meeting considered the report on the review of guidelines (UNEP/OzL.Pro/ExCom/46/42 and Corr.1) and requested the Secretariat to prepare a paper covering the terms of reference, budget, and modalities for a study regarding collection, recovery, reclamation, transportation and destruction of unwanted ODS, taking into account proposals made by two members. []

Enhancing capacity-building in developing country National Ozone Units

67. The Executive Committee, at its 44th and 45th Meetings, considered a proposal by the Government of China for enhancing Article 5 countries' national ozone unit capacity-building during the final stages of the Montreal protocol compliance period. The 45th Meeting requested the Secretariat to expand on the paper from China and present to the 47th Meeting the preliminary results of an analysis of the possible future action and policies required to assist compliance with the phase-out requirements for all ODS covered by the Montreal Protocol.

Process Agents

68. At its 44th Meeting the Executive Committee considered an information document on process agents (UNEP/OzL.Pro/ExCom/44/Inf.2). The Executive Committee authorized the Secretariat to engage an expert consultant to catalogue process agent uses in Article 5 countries and their related emission levels.

69. The 45th Meeting examined a report containing a technical study to catalogue process agent uses and their related emission levels in Article 5 countries (UNEP/OzL.Pro/ExCom/45/53). The Executive Committee requested the Secretariat to finalize the report on process agent uses in Article 5 parties and their related emission levels and submit the report to the 25th Meeting of the Open-ended Working Group, together with the technical study to catalogue process agent uses and emission levels involving substances controlled under the Montreal Protocol in countries operating under Article 5.1 of the Protocol.

Performance Indicators

70. At its 46th Meeting, the Executive Committee decided to invite members to submit views and comments on the performance indicators as input for discussion at the 47th Meeting, and to permit consideration of whether to make them applicable to bilateral agencies. The Executive Committee amended the questionnaire on quantitative performance indicators by inserting an additional column and giving the national Ozone Units the choice of awarding a rating of 1 to 4. The 46th Meeting also considered the issue of weighting performance indicators, and there was agreement that the weightings used during 2004 might not have done justice to the work of the implementing agencies.

Administrative cost regime

71. The Executive Committee, at its 44th Meeting, considered the issue of the administrative cost regime and requested the implementing agencies to provide more in-depth information on their administrative costs. At its 46th Meeting, the Executive Committee decided to extend the administrative cost regime for the 2006-2008 triennium with the following modifications. The base rate for core unit costs for UNDP and UNIDO would be US \$1.7 million and there would be an annual increase of up to 3 per cent for UNDP, UNIDO and the World Bank based on budgets to be submitted for approval at the last Meeting of the year for the following year.

Technical assistance for countries with little or no current consumption of CTC, TCA or methyl bromide

72. At its 45th Meeting, the Executive Committee considered business plans and work programmes that included projects for countries with very low consumption of methyl bromide, CTC and TCA. It adopted guidelines for the provision of assistance with the phase-out of CTC and TCA for countries that had reported consumption of 2 ODP tonnes and lower.

Annual progress report on the communication strategy for global compliance with the Montreal Protocol

73. The 44th meeting noted with appreciation UNEP's 2004 annual report on the communication strategy for global compliance with the Montreal Protocol.

H. Fund Secretariat activities

74. During the reporting period, the Fund Secretariat had prepared documentation and provided conference services for the 44th, 45th, 46th and 47th Meetings of the Executive Committee and four meetings of the Subgroup on the Production Sector.

75. The Fund Secretariat had analysed and reviewed proposals for projects and activities from implementing agencies and bilateral donors with a total value of US \$521,879,719. The Secretariat had provided comments and recommendations, as appropriate, on all proposals submitted for the Executive Committee's consideration.

76. The Secretariat had prepared documents, *inter alia*, on issues relating to the status of Article 5 countries in achieving compliance with the initial and intermediate measures of the Montreal Protocol, a study on criteria and modalities for chiller demonstration projects, a review of the administrative cost regime and core unit costs, a review of guidelines relating to collection, recovery, recycling and destruction of ozone depleting substances, the criteria for the assessment of the progress reports and verification audits of multi-year agreements, a review of the requirements for further assistance for the post-2007 period for low-volume-consuming countries, a report containing a technical study to catalogue process agent uses and their related emission levels in Article 5 countries, and a review of technical assistance for countries with little or no current consumption of CTC, TCA or methyl bromide.

77. The Secretariat had also prepared a leaflet to provide government policy-makers with basic information on the achievements and operations of the fund, as well as a booklet for the celebration of the 20th anniversary of the Vienna Convention, giving more detailed information on the Multilateral Fund's achievements, operations and future challenges.

78. The Fund Secretariat also organized, in cooperation with the World Bank, a seminar on draft criteria on verification and reporting for refrigerant management plans and multi-year agreements.

79. The Chief Officer and other members of the Secretariat had attended a number of meetings, including the "China 2004 International Ozone Day Celebration", the International Workshop on ODS substitute technologies in Xian (China), the 23rd Session of Governing Council of UNEP, the Technology and Economic Assessment Panel meeting on the draft report on the 2006-2008 replenishment of the Multilateral Fund, the Third Session of the Preparatory Committee for the Further Development of a Strategic Approach to International Chemicals Management (SAICM), the Second meeting of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC COP-2), and the Ministerial Segment of the Fifteenth Meeting of the Forum of Ministers of the Environment of Latin America and the Caribbean.

80. At the 46th Meeting, the Chief Officer informed the Executive Committee of changes to the staffing of the Secretariat during the reporting period, including the retirement of one senior programme management officer, and the temporary assignment of another staff member to the Ozone Secretariat.

I. Matters relating to the Meeting of the Parties

81. In response to decision XVI/36 of the Sixteenth Meeting of the Parties requesting the Executive Committee to include a component in its annual report on the progress made and the issues encountered in its consideration of the recommendations contained in the executive summary of the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, the Executive Committee is annexing hereto its progress report to the Seventeenth Meeting of the Parties ([Appendix I]).

82. Annex II shows by country the amount of HCFC-141b consumption phased-in through projects using HCFCs as replacement, pursuant to Decision 36/56 (e) which *inter alia* states

“That the annual Executive Committee report to the Meeting of the Parties should state by country the amount of HCFC-141b consumption phased in through projects using HCFC as replacements, a consumption which would - in applying Decision 27/13 - be excluded from funding at future stages.”

J. Reports of the Executive Committee

83. The reports of the 44th, 45th, 46th and [47th] Meetings of the Executive Committee (UNEP/OzL.Pro/ExCom/44/73, UNEP/OzL.Pro/ExCom/45/55, UNEP/OzL.Pro/ExCom/46/47 and [UNEP/OzL.Pro/ExCom/47/_ _] respectively have been conveyed to Parties to the Montreal Protocol. These reports, all earlier reports and meeting summaries can be accessed at the website of the Fund Secretariat (www.multilateralfund.org).

**ASSESSMENT REPORT ON THE RECOMMENDATIONS IN THE 2004
EVALUATION AND REVIEW OF THE FINANCIAL MECHANISM OF
THE MONTREAL PROTOCOL**

INTRODUCTION

1. This report is submitted by the Executive Committee pursuant to the following decision of the Meeting of the Parties:

"To request the Executive Committee of the Multilateral Fund, within its mandate, to consider the report on the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, with a view to adopting its recommendations, whenever possible, in the process of continuous improvement of the management of the Multilateral Fund, and having in mind the need to contribute to the assessment of the Technology and Economic Assessment Panel of the 2006-2008 replenishment of the Multilateral Fund;"

"To request the Executive Committee regularly to report back to and seek guidance from the Parties on the subject. To this effect, the Executive Committee shall submit a preliminary assessment to the Open-ended Working Group at its twenty-fifth meeting and include a component in its annual report to the Meeting of the Parties, on progress made and issues encountered in its consideration of the recommended actions contained in the executive summary of the evaluation report."

Decision XVI/36

2. At its 45th Meeting, the Executive Committee considered that 11 general recommendations were related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer and did not need any new action, but instead required regular follow-up at meetings of the Committee. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report.

3. At its 45th Meeting, the Executive Committee also considered that ten general recommendations that were related to the ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer might require new actions in the short term. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report.

4. The 45th Meeting decided that seven general recommendations did not need to be implemented; six because future action would be redundant in the light of recent developments or existing practices and one because of the potential for negative incentive. The Executive Committee considered that there was no need for further reporting on these recommendations.

5. The general recommendations that correspond to the previous three paragraphs of the chapeau are:

Category	General Recommendation Numbers
Paragraph 2	2, 6, 7, 15, 16, 18, 21, 22, 24, 25, 28
Paragraph 3	1, 3, 4, 9, 11, 12, 17, 20, 23, 26
Paragraph 4	5, 8, 10, 13, 14, 19, 27

GENERAL RECOMMENDATION 1: Make further structural changes to the Executive Committee, if necessary to specifically address compliance.

6. The Executive Committee felt that there was no need for a structural change to the Executive Committee to address compliance as that was being addressed under the existing structure through planning, monitoring, and funding activities. In addition, the Committee at its 45th Meeting decided to consider at its 46th Meeting a process for intersessional approval that might expedite project approval for new Parties and Parties in non-compliance or at risk of non-compliance.

7. At its 46th Meeting, the Executive Committee discussed the need for an intersessional approval procedure and decided to reconsider the issue at its 50th Meeting. The Executive Committee would continue to consider further structural changes if necessary for compliance and report to the Parties as appropriate on any new developments.

GENERAL RECOMMENDATION 2: Continue to evaluate Executive Committee structure and consider reduction of annual meeting numbers.

8. The Executive Committee considered structural changes to the Executive Committee including the reduction in the annual number of meetings and an intersessional approval process that were discussed at the 44th, 45th and 46th Meetings. At its 45th Meeting, the Committee decided to continue to meet three times each year due to the current workload of the Committee. The Executive Committee would continue to evaluate its structure and report to the Parties as appropriate on any new developments.

GENERAL RECOMMENDATION 3: Develop a primer to provide background on the Fund for new Executive Committee members.

9. After considering this issue, the Executive Committee requested the Secretariat to prepare a draft outline of an Executive Committee primer for consideration at the 46th Meeting of the Executive Committee with the aim of a draft primer being presented to the 47th Meeting. The primer would be a living document and would therefore be updated regularly. The Executive Committee will report the completion of the first primer to the Meeting of the Parties and provide copies to all Parties.

GENERAL RECOMMENDATION 4: Ensure that results of review of project implementation delay are not only applied to determine project cancellation, monitoring, or removal from the list of delays, but also to inform implementing agencies of how to avoid future delays.

10. After considering the issue, the Executive Committee requested the implementing agencies to provide information on how to avoid future delays as part of a lessons learned document to be considered at the 46th Meeting of the Executive Committee.

11. At its 46th Meeting, the Executive Committee considered a report (UNEP/OzL.Pro/ExCom/46/18) containing data submitted by the implementing agencies that indicated that many of the problems associated with implementation delays could be resolved either during project preparation or through liaison with the countries and beneficiaries concerned. The Executive Committee encouraged bilateral and implementing agencies to take the findings into account during future project design and implementation.

12. The Executive Committee would update the Parties on its future decisions and report subsequently, as appropriate.

GENERAL RECOMMENDATION 5: Request the Secretariat to take action to develop prescriptive approaches to address project implementation delays.

13. Although the recommendation includes a request to the Secretariat, the Executive Committee felt that it was responsible for taking such actions instead of the Secretariat. Moreover, the Executive Committee has prescriptive approaches to avoiding delays currently in place and under enforcement. Prescriptive approaches are enforced to address project implementation delays primarily through the process of monitoring such projects at each meeting and other decisions related to reasons for delays such as delays due to counterpart funding and customs clearance. In view of these facts, the Committee felt that this recommendation should not be implemented as stated but was being implemented by the Committee.

GENERAL RECOMMENDATION 6: Build on decision 40/19 and the subsequent report submitted by UNEP (UNEP/OzL.pro/ExCom/41/Inf.2) to assist countries that consume very low quantities of methyl bromide, CTC, and methyl chloroform.

14. At its 45th Meeting, the Executive Committee endorsed business plans and approved work programmes that included projects for countries with very low consumption of methyl bromide, CTC and methyl chloroform. It adopted guidelines for CTC and methyl chloroform projects for countries with baselines of 2 ODP tonnes and lower. Guidelines already exist for addressing low-volume countries consuming very low quantities of methyl bromide.

15. The Executive Committee would continue to report as appropriate on the extent to which it assists countries with very low quantities of these substances.

GENERAL RECOMMENDATION 7: Continue to collaborate with the Secretariat and implementing agencies to maintain effectiveness in dealing with issues of project overlap, ineligible funding, and inflated costs.

16. The Secretariat and bilateral and implementing agencies meet annually to avoid project overlap and any potential overlaps are brought to the attention of the Executive Committee in the

context of annual business plans. As well, the Secretariat brings cases of ineligible funding and inflated costs to the attention of the Executive Committee at every meeting. As suggested by the recommendation, the Executive Committee would continue to collaborate to avoid project overlaps, ineligible funding and inflated costs and would report to the Parties on any new developments as appropriate.

GENERAL RECOMMENDATION 8: Reclassify Executive Committee meeting documentation as general distribution.

17. The Executive Committee decided that from the 46th Meeting onwards pre-session documents would be classified as General Distribution while restricting access to any project document that a Party had requested to be classified as such until the Committee's consideration of the matter.

18. The Executive Committee also requested that the Secretariat publish all documents starting from the 46th Meeting on the web site in the languages produced for the meetings pursuant to decision II/8. Since the Committee has agreed to reclassify its meeting documentation as general distribution unless restricted at the request of a Party, the Executive Committee felt that the recommendation was implemented.

GENERAL RECOMMENDATION 9: Extend performance indicators to bilateral implementing agencies.

19. After considering this issue, the Executive Committee requested the Secretariat to prepare a paper addressing the feasibility and desirability of extending the current and proposed performance indicators (see general recommendation 12) to bilateral implementing agencies for submission to the 46th Meeting of the Executive Committee.

20. At the 46th Meeting, the Executive Committee decided to invite members to submit views and comments on the performance indicators as input for discussion at the 47th Meeting, and to permit consideration of whether to make them applicable to bilateral agencies. The Executive Committee considered the matter ongoing with the results to be reported back to the Parties.

GENERAL RECOMMENDATION 10: Add performance indicators to address project identification.

21. Based on its consideration of this issue at the 45th Meeting, the Executive Committee considered that this recommendation should not be implemented, as project development or identification are tied to compliance needs and are coordinated effectively by the agencies and the Secretariat.

GENERAL RECOMMENDATION 11: Increase the weighting of the performance indicator “ODS phased-out for individual projects versus those planned per progress reports”.

22. Based on the discussion at its 45th Meeting, the Executive Committee decided to consider at its 46th Meeting whether a further review of the weighting of the quantitative performance indicators is warranted based on their application in the Evaluation of the Implementing Agencies' 2004 Business Plans being submitted to the 46th Meeting.

23. At its 46th Meeting, the Executive Committee considered the issue of the weighting of the performance indicators. There was general agreement that the weightings used in 2004 might not have done justice to the work of the implementing agencies and that there was a need to review the issue at a future Meeting. In the light of that, the Executive Committee considered the matter to be ongoing for completion with results to be reported back to the Parties.

GENERAL RECOMMENDATION 12: Continue process of developing qualitative indicators.

24. Pursuant to decision 44/6 of the Executive Committee, National Ozone Units have been given an opportunity to consider proposed qualitative performance indicators that had been developed by the Committee at its 44th Meeting.

25. At its 46th Meeting, the Executive Committee amended the questionnaire on quantitative performance indicators by inserting an additional column and giving the National Ozone Units the choice of awarding a rating of 1 to 4 (with 1 being the lowest mark and 4 being the highest). It also invited Executive Committee members to submit their views and comments on the performance indicators. The Executive Committee continued to seek improvements to the performance indicators and would report on further developments to the Parties.

GENERAL RECOMMENDATION 13: Share results of performance evaluations with upper management of implementing agencies.

26. Based on the discussion at its 45th Meeting, the Executive Committee believed that it had the ability to share such evaluations with upper management or others when it felt that such an approach was warranted, as it had done at its 32nd Meeting. Therefore, it considered that the recommendation should not be implemented on a regular basis, but implemented as needed.

GENERAL RECOMMENDATION 14: Eliminate selected administrative indicators if relevant administrative problems are resolved.

27. Based on the discussion at its 45th Meeting, the Executive Committee believed that the elimination of these indicators might encourage poorer performance. Therefore, it considered that the recommendation should not be implemented.

GENERAL RECOMMENDATION 15: Increase efforts to improve country-level data reporting.

28. The Executive Committee continues to seek improvements in data reporting by supporting institutional strengthening projects and UNEP's Compliance Assistance Programme. 2003 data reporting had been excellent, with very few countries not reporting in time. Nevertheless, the Executive Committee would continue to seek improvement in country level data reporting and report back to the Meeting of the Parties as appropriate.

GENERAL RECOMMENDATION 16: Continue efforts to reduce/avoid project implementation delays.

29. The Executive Committee considered that the past and ongoing efforts to reduce/avoid implementation delays were being effectively implemented through the effort of the agencies and the Secretariat. The Executive Committee would, however, continue its efforts to reduce delays and report back to the Parties as appropriate.

GENERAL RECOMMENDATION 17: Increase communication between implementing agencies and the Treasurer when promissory notes are transferred, received and encashed.

30. After having considered this matter, the Executive Committee decided to request the Treasurer to circulate to the Secretariat and implementing agencies prior to each Executive Committee meeting a ledger indicating when promissory notes are transferred, received and encashed. The Executive Committee would report back to the Meeting of the Parties on the implementation of the reporting mechanism for promissory notes and would continue to report as appropriate on its efforts to increase communication between the agencies and the Treasurer.

GENERAL RECOMMENDATION 18: Continue to maximize proportion of budget spent on implementation and minimize proportion of budget spent on core components.

31. The Executive Committee determined that this recommendation was being implemented on an ongoing basis through the annual review of the core unit costs and that it would continue to report to the Parties on this matter as appropriate.

GENERAL RECOMMENDATION 19: Request implementing agencies to explain significant increases in their core budget expenses.

32. At its 44th Meeting, the Executive Committee requested implementing agencies to provide more in-depth information on their administrative costs in the context of the required annual review of such costs. The Committee requested this information in order to *inter alia* understand all core budget expenses including those cases where there may have been a significant increase. Since the Committee has already requested this information, the Committee considered that this recommendation had been implemented.

GENERAL RECOMMENDATION 20: Conduct a study regarding the efficiency of implementing agency administration of smaller projects.

33. The Executive Committee was of the view that this issue was partially addressed in the context of the post-2007 RMP review. At its 46th Meeting, the Executive Committee also reviewed its administrative cost regime and decided to extend it for the 2006-2008 triennium with the following modifications. The base rate for core unit costs for UNDP and UNIDO would be US \$1.7 million instead of US \$1.5; and an annual increase of up to 3 per cent for UNDP, UNIDO and the World Bank based on budgets to be submitted for approval at the last Meeting of the year for the following year. The Executive Committee also decided to review the operation of the administrative cost regime, as modified, before the end of the following triennium.

GENERAL RECOMMENDATION 21: Monitor the use of funds for non-investment versus investment activities within national or sector phase-out plans.

34. The Executive Committee monitors the use of all funds for all activities in national and sector phase-out plans. The Committee would continue to monitor the use of all funds and report back to the Meeting of the Parties as appropriate.

GENERAL RECOMMENDATION 22: Provide in Table 1 of the status report on contributions and disbursements the incremental income, allocations and provisions, and balance available for new allocations, in addition to the cumulative totals of these financial components.

35. The Executive Committee agreed that Table 1 of the status report on contributions and disbursements contains the information requested in this recommendation. The Committee would continue to report on this matter as appropriate.

GENERAL RECOMMENDATION 23: Document the internal procedures and practices of the Treasurer.

36. After considering the issue of documenting the internal procedures and practices of the Treasurer, the Executive Committee decided at its 45th Meeting to request the Treasurer to report on final progress in this regard to the 46th Meeting.

37. At its 46th Meeting, the Executive Committee considered an interim report on progress on developing the internal procedures and practices of the Treasurer. Special action was also undertaken, by the Chief Officer and the Chairman of the Executive Committee, with respect to countries with contributions in arrears for 2004. The Executive Committee would report back to the Parties once the final progress report on internal procedures and practices of the Treasurer had been submitted.

GENERAL RECOMMENDATION 24: Take action to encourage timely payment by the donor countries.

38. The Executive Committee continued to take action to encourage timely payment by donor countries.

GENERAL RECOMMENDATION 25: Implement internal quality control measures to improve the accuracy of recordkeeping.

39. After considering the issue of internal quality control, the Executive Committee decided at its 45th Meeting to request the Treasurer to provide a detailed report once each year, and interim reports at other times as appropriate, on quality control measures to improve the accuracy of recordkeeping.

GENERAL RECOMMENDATION 26: Clarify how, when, and what financial data should be accounted and reported by implementing agencies.

40. At its 45th Meeting, after considering the report of the workshop on common terminology and procedures for the reconciliation of accounts, the Executive Committee found that the roles of the agencies in terms of data reporting had been clarified. Agreements between the Treasurer and each agency were under development, and the Secretariat in cooperation with the Treasurer and the Implementing Agencies intended to produce a primer to clarify how, when and what financial data should be accounted and reported by implementing agencies. The Secretariat subsequently submitted the draft text of the agreements between the Treasurer and the implementing agencies to the 46th Meeting and the Executive Committee endorsed the text of the agreements.

41. The Secretariat presented reports on internal practices and procedures to the 46th and the 47th Meetings of the Executive Committee. A manual is being developed based on the set of reference materials from the workshop to enable a primer to be developed.

GENERAL RECOMMENDATION 27: Consider engaging an independent auditor to assist with account reconciliation if financial discrepancies persist.

42. Since any audit of United Nations agencies, when necessary, has to be conducted under UN financial rules, the Executive Committee was of the view that this recommendation could not be implemented.

GENERAL RECOMMENDATION 28: Continue to analyze the FERM's effect on Fund value.

43. At its 44th Meeting, the Committee noted that in Annex XIX to the report, the issue of FERM was a matter for decision by the Meeting of the Parties. After its review at the 45th Meeting, the Committee noted that the impact of the FERM on the value of resources

available to the Fund was monitored by the Treasurer as part of his report on the Status of Contributions and Disbursements to each meeting of the Executive Committee.

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Annex I

Appendix I

AMOUNTS OF HCFCs¹ CONSUMPTION PHASED-IN (ODP TONNES)

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Algeria	[54.1]	[5.4]
Argentina	[743.1]	[73.6]
Bahrain	[15.3]	[1.5]
Bolivia	[11.0]	[1.1]
Bosnia and Herzegovina	[29.1]	[2.9]
Brazil	[4,847.3]	[477.7]
Chile	[179.5]	[14.6]
China	[10,082.9]	[776.0]
Colombia	[644.9]	[63.9]
Costa Rica	[33.1]	[3.3]
Cuba	[0.8]	[0.1]
Dominican Republic	[135.3]	[13.4]
Egypt	[484.4]	[37.4]
El Salvador	[18.3]	[1.8]
Guatemala	[45.4]	[4.5]
India	[4,501.8]	[434.6]
Indonesia	[1,900.1]	[182.1]
Iran	[1,045.5]	[103.6]
Jordan	[330.3]	[32.7]
Kenya	[22.8]	[2.3]
Lebanon	[81.0]	[8.0]
Libya	[61.5]	[6.1]
Macedonia	[75.1]	[7.4]
Malaysia	[1,226.5]	[118.5]
Mauritius	[4.2]	[0.4]
Mexico	[2,106.3]	[193.6]
Morocco	[118.0]	[11.7]
Nicaragua	[8.0]	[0.8]
Nigeria	[383.2]	[38.0]
Pakistan	[781.1]	[77.4]
Panama	[14.4]	[1.4]
Paraguay	[66.5]	[6.6]
Peru	[146.9]	[14.6]
Philippines	[504.4]	[50.0]
Romania	[192.0]	[19.0]
Serbia and Montenegro	[44.2]	[4.4]
Sri Lanka	[7.2]	[0.7]
Sudan	[4.4]	[0.4]
Syria	[628.4]	[62.3]
Thailand	[2,022.8]	[199.6]
Tunisia	[234.9]	[20.3]
Turkey	[372.2]	[36.9]
Uruguay	[104.6]	[10.4]
Venezuela	[699.1]	[69.3]
Vietnam	[44.4]	[4.4]
Yemen	[9.7]	[1.0]
Zimbabwe	[11.3]	[1.1]
Total	[34,985.6]	[3,186.3]

Note 1: ODP values as follows:

HCFC-123: 0.02
 HCFC-22: 0.055
 HCFC-141b: 0.11
