



## MULTILATERAL FUND

FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

*Secretariat*

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### **Post Meeting Summary of Decisions of the 49<sup>th</sup> Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol**

#### **Introduction**

The 49<sup>th</sup> Meeting of the Executive Committee, which took place in Montreal from 10 to 14 July 2006, was attended by the representatives of the 14 Executive Committee member Parties and by participants from 20 other co-opted countries (see attached list). Mr. Khaled Klaly of the Syrian Arab Republic chaired the meeting. The President of the Implementation Committee of the Montreal Protocol and the President of the Bureau, three representatives of the Ozone Secretariat, representatives of the implementing agencies, a representative of the Alliance for Responsible Atmospheric Policy and the Honorary Chief Officer also attended the meeting.

The Committee followed its customary programme of work for the second meeting of the year which included consideration of the progress reports of the bilateral and implementing agencies for the preceding year, the accounts of the Multilateral Fund, and the evaluation of the 2005 business plans. Furthermore the Committee considered a draft decision that consolidated past and new recommendations on the evaluation of refrigerant management plans (RMPs) and national phase out plans (NPPs) in non low volume consuming countries (non LVCs), options for addressing the situation of countries referred to in decision XVII/14 of the Seventeenth Meeting of the Parties regarding the phase-out of chlorofluorocarbons (CFCs) used in the manufacture of metered-dose inhalers (MDIs), and the ongoing issue of terms of reference for a study on unwanted ozone depleting substances (ODS). The 49<sup>th</sup> Meeting the Committee also approved investment projects and work programme activities with a value of more than US \$19.56 million plus US \$1.55 million in support costs for implementing agencies and took a total of 40 decisions; the most significant decisions and discussions are outlined below.

#### **Secretariat activities (decision 49/1)**

After a discussion on cooperation with other Multilateral Environment Agreements (MEAs), the Executive Committee asked the Secretariat to include information on forthcoming interactions with MEAs in its report on Secretariat activities presented to each meeting. In addition the Chair of the Executive Committee was requested to inform the Parties, through

the Ozone Secretariat and prior to the Eighteenth Meeting of the Parties, of the invitation by the first session of the International Conference on Chemicals Management (ICCM) to the Montreal Protocol and its Multilateral Fund to consider whether and how these might support implementation of appropriate and relevant strategic approach objectives within their mandates and to report to the ICCM. The Chief Officer would also inform the Deputy Executive Director of UNEP of this process.

### **Status of contributions and disbursements (decision 49/2)**

At each meeting the Treasurer provides an update of the Status of contributions and disbursements of the Fund. The update includes the Fund's balance, income and contributions, and aggregate information on the status for the triennium, including data on gains and losses of the fixed-exchange rate mechanism (FERM).

At the time of the 49<sup>th</sup> Meeting, the fund balance stood at US \$26,672,599, but prior to a deposit by the Government of Japan shortly before the meeting, there had been a negative balance for the first time ever in the history of the Fund. The Executive Committee was concerned about the availability of funds for approvals at the 50<sup>th</sup> Meeting and requested the Treasurer to provide the 50<sup>th</sup> Meeting with information on when Parties that had been unable to make their contributions by 1 June would make their payments. The Committee was also concerned that over US \$95 million in promissory notes, representing approximately two thirds of the Fund's annual budget, had not been encashed and urged countries holding promissory notes to take the necessary action to accelerate their encashment before the 50<sup>th</sup> Meeting of the Executive Committee.

### **Status of resources and planning:**

#### ***Availability of resources (decision 43/3)***

During the first part of the meeting, the Executive Committee considered the financial resources available for funding projects and activities at the 49<sup>th</sup> Meeting. These resources consist of the cash, promissory notes, and balances returned and were estimated at US \$31,529,502.

#### ***2006 business plans (decision 49/4)***

Of the projects and activities in the 2006 business plan to be submitted during the current year, ODS phase-out activities required for compliance with Protocol control measures totalling US \$65.4 million remained outstanding at the time of the 49<sup>th</sup> Meeting (including 34 projects and phase-out agreements). The Executive Committee urged implementing agencies to submit these to the 50<sup>th</sup> Meeting.

US \$40 million out of a budget of US \$470 million for the 2006-2008 triennium had not yet been allocated to phase-out activities in Article 5 countries. Thus the Executive Committee planned to discuss at its 50<sup>th</sup> Meeting priorities for the triennium beyond the needs identified in the compliance-oriented model used for business planning, in order to decide how best to allocate the remaining US \$40 million in unallocated funds.

***Status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol (decision 49/5)***

The Executive Committee considered the latest report on the status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol. While the majority of developing countries appeared to be well-positioned to comply with the timetable for ODS phase out set by the Montreal Protocol, the Executive Committee members requested bilateral and implementing agencies to include phase-out activities for specific ODS in Bolivia, Croatia, Somalia and The former Yugoslav Republic of Macedonia.

During the process of preparing the document on status/prospects of compliance the Secretariat had noted that only one of the 47 countries using the revised country programme format had completed it in full. National Ozone Units were to start using the revised format in 2006 to report the 2005 country programme implementation data. The revised format would be reviewed at the last meeting of the Executive Committee in 2007. The Executive Committee asked agencies to assist Article 5 countries to complete fully the data/information required in the new reporting format for country programme data and requested UNEP to include, as an agenda item in its network meetings taking place prior to May 2007 where appropriate, a discussion on completing the new reporting format.

**Programme Implementation**

***Compendium of recommendations relevant to the evaluation of refrigerant management plans (RMPs) and national phase-out plans (NPPs) in non low-volume-consuming countries focusing on the refrigeration servicing sector (decision 49/6)***

The Executive Committee approved a categorized compendium of recommendations relevant to the evaluation of RMPs and national phase-out plans in non-low volume-consuming countries. The text of the decision distinguished between new recommendations and those that had previously been approved by the Executive Committee. The full decision, including all the categorised recommendations can be found in the report of the meeting posted on the web-site of the Fund Secretariat.

***Desk study on the evaluation of the CAP programme***

The Executive Committee noted the information provided in the Desk Study on the Evaluation of the Compliance Assistance Programme including the proposed evaluation issues and work plan for the second phase of the evaluation. The final report is scheduled for mid 2007.

***Progress reports (decision 49/7- 49/13)***

Each of the implementing and bilateral agencies provided the Executive Committee with an annual progress report on the implementation of their approved work programmes and activities related to country programmes and projects. These progress reports are a primary source of information with which to monitor projects. Since the Executive Committee noted that the 2005 progress reports showed a slow rate of project completion for the third

consecutive year , the Committee decided to consider the capacity of UNDP, UNIDO and the World Bank to deliver completed projects on time in the context of its review of administrative costs at its 50<sup>th</sup> Meeting. However, based on the performance indicators and targets adopted by the Executive Committee for the 2005 business plans, the implementing agencies had maintained or exceeded the level of performance compared to previous years at a time when significant reductions in ODS consumption were required by developing countries and exceeded the requirements of the indicator for the amount of ODS phased out (decision 49/13).

***Project implementation delays (decision 49/14)***

A project is classified as having a delay if it is expected to be completed over 12 months late or where disbursement occurred 18 months or more after project approval. Of the 38 projects listed with implementation delays at the 49<sup>th</sup> Meeting, the Executive Committee noted that four had been completed. A methyl bromide project preparation activity was cancelled by mutual agreement between the Government of India and UNIDO. In addition letters of possible cancellation would be sent to two other countries concerning project implementation delays. The number of projects with implementation delays remains the same as last year overall, but the 26 fewer projects classified as such for multilateral implementing agencies were offset by the same number of projects classified as delayed for bilateral implementing agencies.

***Annual tranche submission delays (decision 49/15)***

The Executive Committee reviewed all annual tranches of multi-year agreements due for submission to the 49<sup>th</sup> Meeting noting that 13 out of the 17 annual tranches of multi-year agreements had been submitted on time. The Committee agreed to change the due dates for the annual tranches for 5 projects. Letters regarding tranches not submitted to the 49<sup>th</sup> Meeting would be sent to 3 countries encouraging them to submit these to the 50<sup>th</sup> Meeting. The rate of submission of annual tranches has increased since the last meeting.

***Report on implementation of approved projects with specific reporting requirements (decision 49/16)***

Over the years, the Executive Committee approved a number of projects for which periodic reporting is required as a monitoring tool. At its 49<sup>th</sup> Meeting the Executive Committee considered reports on methyl bromide projects in several countries (Cuba, Ghana, Indonesia, Mexico, Sri Lanka, Uganda and Zimbabwe) and subsequently asked for project completion reports on the projects in Ghana, Sri Lanka and Zimbabwe prior to the 51<sup>st</sup> Meeting and a detailed progress report on the implementation of the project in Cuba to be submitted to the 51<sup>st</sup> Meeting.

***Project review (decisions 49/18 – 49/29)***

A total of US \$21 million including agency support costs was provided for 36 developing countries to phase out 1,197 ODP tonnes of consumption and 579 ODP tonnes of production. Funds approved at the 49<sup>th</sup> Meeting of the Executive Committee ranged from between US \$10.8 million to India to progress the gradual phase-out of production and consumption of

CTC (carbon tetrachloride) down to US \$44,000 to provide additional institutional support for five Pacific Island Countries that are facing challenges to complete the phase-out of CFCs. In addition the Executive Committee earmarked a further US \$2.7 million for a number of performance-based national phase-out plans that, when implemented, will phase out ODS in the Democratic Republic of the Congo, the Syrian Arab Republic and Tunisia.

### ***Production Sector (decisions 49/29 and 49/30)***

During the meeting the Executive Committee reconstituted the Subgroup on the Production Sector, composed of Australia (facilitator), Brazil, Burundi, India, Italy, Sweden, the Syrian Arab Republic and the United States of America in order to consider the implications of the proposal of India to stockpile the over-production of CTC in 2005 for feedstock in 2006 in respect to the verification of the achievement of the 2005 targets of the CTC phase-out plan in India. The Subgroup recognized the progress India has made in reducing CTC production and consumption from a high baseline level.

Bearing in mind the discussions at the 26<sup>th</sup> Meeting of the Open Ended Working Group (OEWG) in early July 2006 on the related issue of ODS stockpiles and without prejudice to any future decisions that might be taken at the Eighteenth Meeting of the Parties in October 2006, the Executive Committee approved funding for the 2006 annual work programme of the India CTC sector phase-out plan. However the Committee also decided that should the Parties take a decision on the treatment of ODS produced and stockpiled for use as feedstock in future years, it would consider the relevance of that decision with respect to India's CTC phase-out agreement and take action as appropriate. The Committee also requested that future annual programmes under the plan include the quantities of CTC used for the process agent sector and process agent applications (decision 49/29).

The Subgroup also considered the request by China to exceed the export limit on CFCs set in the accelerated phase-out programme to respond to the CFC needs of non-Article 5 countries for essential uses approved under the Montreal Protocol. China has agreed to phase out the production and consumption of CFCs by 2007 but is still permitted to export CFCs within specified limits to meet the basic domestic needs of Article 5 countries. The Executive Committee clarified that under the Agreement for the accelerated phase-out plan for CFCs, exports for essential uses approved by the Parties would be exempt from the maximum amounts of net CFCs allowed to be exported under the Agreement from 2006 to 2009 inclusive, but noted that any exports for essential uses would not lead to an increase in CFC production (decision 49/30).

### **Country programmes (decision 49/31)**

The Executive Committee approved the country programme update for India.

### **Renewal of institutional strengthening projects (decision 49/32)**

After reviewing possible simplified arrangements based on use of the report on progress in implementing country programmes, the Executive Committee decided to maintain for now the current arrangements for submission and consideration of requests for renewal of institutional strengthening projects. The Committee requested the Secretariat to continue examining

opportunities to fine-tune the institutional strengthening renewal process and to address any additional findings in the context of the review of institutional strengthening funding post-2010 due at the end of 2007.

**Options for addressing the situation of countries referred to in decision XVII/14 of the Seventeenth Meeting of the Parties (decision 49/33)**

The Executive Committee considered a policy paper prepared by the Secretariat on the specific circumstances of some Article 5 Parties with manufacturing plants for metered-dose inhalers (MDIs) that might be at serious risk of not meeting the 85 per cent reduction in CFC consumption in 2007 required under the Protocol. Since Bangladesh and Egypt were identified in the paper as the two countries most at risk the Executive Committee made recommendations regarding the inclusion of a number of specific activities in the 2007 and 2008 annual implementation programmes of their national CFC phase-out plans. Bangladesh was also requested to submit to the 50<sup>th</sup> Meeting a proposal for the development of a transition strategy for the phase-out of CFC-based MDIs. Egypt was requested to finalize the preparation of a project for the phase-out of CFCs in the manufacture of MDIs that had been approved for UNIDO at the 45<sup>th</sup> Meeting.

The Committee requested the Secretariat to present an updated policy paper to the Executive Committee at its 51<sup>st</sup> Meeting taking into account any new information that might come to light and the implications of decisions to be taken at the Eighteenth Meeting of the Parties.

**Terms of reference, budget and modalities for a study regarding collection, recovery, recycling, reclamation, transportation and destruction of unwanted ODS (decision 49/36)**

The issue of terms of reference for a study regarding collection, recovery, recycling, reclamation, transportation and destruction of unwanted ODS was carried forward from the 48<sup>th</sup> Meeting. The Technology and Economic Assessment Panel (TEAP) had reported to the 26<sup>th</sup> Meeting of the Open Ended Working Group (OEWG) on terms of reference for the conduct of case studies on the technology and costs associated with a process for replacing CFC-containing refrigeration and air conditioning equipment. The OEWG's proposal to the Eighteenth Meeting of the Parties on the issue had made specific reference to the need for coordination with the Executive Committee in order to prevent duplication of efforts.

With this in mind the Executive Committee decided it would inform the Parties, through a letter from the Chair of the Executive Committee to the Ozone Secretariat, that the Executive Committee was discussing the terms of reference and was of the view that there were substantial commonalities between those terms of reference and those being considered by the Parties. The issues could be considered by the Executive Committee of the Multilateral Fund. The Committee further suggested that a request could be addressed to the Executive Committee to develop consolidated terms of reference and if agreed by the Executive Committee to initiate a study based on those consolidated terms of reference, and to report to the Nineteenth Meeting of the Parties on the progress made. The Executive Committee would consider the issue at the 50<sup>th</sup> Meeting of the Executive Committee, in light of any guidance provided by the Eighteenth Meeting of the Parties.

### **Intersessional project approval (decision 49/37)**

The Executive Committee decided exceptionally to proceed with intersessional review and approval of the 2006 annual funding tranche for the Strategy for gradual phase-out of CFC-11 and CFC-12 production in Argentina because timely approval of the funding tranche was crucial to enable Argentina to comply with its commitments under the Montreal Protocol. The tranche had been submitted to the 48<sup>th</sup> Meeting but had to be resubmitted at the 49<sup>th</sup> Meeting pursuant to further verification, including a financial audit. Since the documentation on the financial audit was received late by the Secretariat, the project could not be considered during the 49<sup>th</sup> Meeting.

### **Future Executive Committee work in relation to the issues raised at the 26<sup>th</sup> Meeting of the Open-Ended Working Group (decision 49/38)**

Following a discussion at the 26<sup>th</sup> Meeting of the Open-Ended Working Group (OEWG) regarding the future of the Montreal Protocol would be discussed at the Eighteenth Meeting of the Parties, the Executive Committee decided to include in the agenda of its 50<sup>th</sup> Meeting an item dealing with the preparation of a discussion paper on the issues raised at the OEWG and taking into account the comments which would be made on the issue at the 18<sup>th</sup> Meeting of the Parties.

### **50<sup>th</sup> Meeting of the Executive Committee and meetings for 2007**

The 50<sup>th</sup> Meeting of the Executive Committee would be held from 6 to 10 November 2006 in New Delhi (India).

### **Report of the 49<sup>th</sup> Meeting**

A complete record of all decisions made at the 49<sup>th</sup> Meeting, including those covered in this document, can be found in the 'Report of the Forty-ninth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/49/43) on the Multilateral Fund's web site ([www.multilateralfund.org](http://www.multilateralfund.org)). The report is available in Arabic, English, French, and Spanish.

**Annex I - Attendance at the 49<sup>th</sup> Meeting of the Executive Committee**

<b>Executive Committee Members</b>	<b>Co-opted countries</b>
<b>Non Article 5</b>	
Australia (Vice Chair)	Canada
Belgium	
Czech Republic	
Italy	France and Germany
Japan	
Sweden	Austria
United States of America	
<b>Article 5</b>	
Brazil	Argentina, Colombia and Uruguay
Burundi	Mauritius and Tunisia
Guinea	Gabon and Morocco
India	China, the Philippines and Sri Lanka
Mexico	Dominican Republic and Haiti
Syrian Arab Republic (Chair)	Iran and Jordan
Zambia	Namibia and Sudan