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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROVISIONAL ANNOTATED AGENDA

1. Opening of the meeting

Opening remarks by the Chairperson of the Executive Committee.

2. Organizational matters:

(a) Adoption of the agenda

Document UNEP/OzL.Pro/ExCom/50/1: contains the Provisional Agenda for the 50th Meeting of the Executive Committee.

Action expected from the Executive Committee: the Committee might wish to adopt the Agenda of the meeting on the basis of the Provisional Agenda as contained in document UNEP/OzL.Pro/ExCom/50/1.

(b) Organization of work

The Chairperson will propose to the plenary the organization of work.

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.

3. Secretariat activities

Document UNEP/OzL.Pro/ExCom/50/2: presents a report on the activities of the Secretariat since the 49th Meeting of the Executive Committee. The document includes information on the follow-up activities implemented by the Secretariat on the outcome of the 49th Meeting, and the preparations for the 50th Meeting, as well as information on the missions undertaken by the Chief Officer and the staff of the Secretariat during this period of time.

Issues to be addressed: None.

Action expected from the Executive Committee: the Executive Committee may wish to take note of the report.

4. Status of contributions and disbursements

Document UNEP/OzL.Pro/ExCom/50/3: provides information on the status of the fund as at 6 October 2006 as recorded by the Treasurer. At that date, the fund's balance stood at US \$47,178,114. This is the net balance after taking into account all the funds approved by the Executive Committee, up to and including the 49th Meeting and the intersessional approval of US \$2.1 million for the 2006 annual work programme of Argentina's CFC production closure project as a follow up to decision 49/37 taken at the 49th Meeting. The document provides the updated information on the FERM which stands at **US \$23,176,811** and the list of **24** countries which confirmed they would be using the FERM.

Issues to be addressed: The document addresses the late payment of some contributing parties to the Fund, and the concern that some Parties did not respond to the Treasurer's request to provide information on when they would pay their outstanding payments. It also addresses the difficulties the Treasurer faces in encashing the remaining Promissory Notes issued by 31 December 2005.

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

- (a) Note the Report of the Treasurer on the Status of Contributions and disbursements as contained in UNEP/OzL.Pro/Excom/50/3;
- (b) Note the intersessional approval of US \$2 million plus US \$0.1 million support cost for the World Bank towards Argentina's CFC production closure project;
- (c) Note that US \$58,800,610 of promissory notes has been encashed since the 49th meeting of the Executive Committee;
- (d) Note with appreciation that US \$51,234,834 of the above amount relates to accelerated encashment of notes by France and the United Kingdom;
- (e) Urge the remaining countries holding promissory notes issued by 31 December 2005 to take necessary action to accelerate their encashment before the 51st Meeting of the Executive Committee;
- (f) Note with concern that several Parties did not respond to the Treasurer's request

to provide information on when they would make their outstanding payments in line with Decision XI/6 paragraph 7 of the 11th Meeting of the Parties; and

- (g) Note the updated list of countries opting to use the fixed-exchange-rate mechanism facility in making their contributions to the Fund for the triennium 2006 – 2008 as at 6 October 2006 as per Annex I to this document.

5. Status of resources and planning:

(a) Report on balances and availability of resources

Document UNEP/OzL.Pro/ExCom/50/4/Rev.1: contains the submissions of the implementing agencies on completed projects with balances, and the return of funds from cancelled projects.

Issues to be addressed:

- Implementing agencies are returning US \$470,957 including agency fees; and
- Total resources available for the 50th Meeting.

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

- (a) Note the report on balances and availability of resources contained in UNEP/OzL.Pro/ExCom/50/4/Rev.1;
- (b) Note the net level of funds being returned by the multilateral implementing agencies to the 50th Meeting against project balances totalling US \$423,773. This includes the return of US \$126,160 from UNDP, US \$213,082 from UNEP, and US \$84,531 from UNIDO;
- (c) Note the net level of support costs being returned by the multilateral implementing agencies to the 50th Meeting against project support cost balances totalling US \$47,184. This includes the return of US \$16,402 from UNDP, US \$21,584 from UNEP, and US \$9,198 from UNIDO;
- (d) Note that implementing agencies had balances totalling US \$12,944,539 excluding support costs from projects completed over two years ago. This includes US \$341,151 plus support costs from UNDP, US \$528,870 plus support costs from UNEP, US \$232,034 plus support costs from UNIDO, and US \$11,842,484 plus support costs from the World Bank; and
- (e) Note that US \$47,649,071 (to be updated at the meeting) was available to the Executive Committee for approvals at the 50th Meeting.

(b) 2006 business plans

Document UNEP/OzL.Pro/ExCom/50/5: considers business planning in the light of the submissions to the 50th Meeting.

Issues to be addressed:

- 2006 and 2007 activities submitted for approval to the 50th Meeting; and
- Activities that were required for compliance but not submitted to the 50th Meeting;

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

- (a) Noting the Report on the status of the 2006 business plans as contained in UNEP/OzL.Pro/ExCom/50/5 and the fact that US \$13.45 million in activities that were required for compliance were not submitted to the 50th Meeting; and
- (b) Requesting bilateral and multilateral implementing agencies with projects in the 2006 business plans that are required for compliance to consider including these activities in their 2007-2009 business plans.
- (c) **Status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol**

Document UNEP/OzL.Pro/ExCom/50/6: contains three parts and two annexes. Part I assesses the prospects for compliance in Article 5 countries based on the latest available data submitted to the Ozone and Fund Secretariats. Part II provides information on countries with possible compliance issues being considered by the Implementation Committee. Part III presents data on the implementation of country programmes, including an analysis of the ODS consumption data by sector. Part III also addresses the information provided by 73 countries in the new CP format. The new format addresses the characteristics of ODS phase-out programmes and a qualitative assessment of their performance.

Issues to be addressed:

- Status of compliance, status of implementation for countries with possible compliance issues being considered by the Implementation Committee, and data on the implementation of country programmes;
- Activities to be included in 2007-2009 business plans for Bolivia, Macedonia, Mauritius and Tanzania for CTCs, and Tanzania and Zimbabwe for TCA; and
- Implementation of new reporting format for CP data.

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

- (a) Note the report on the status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol as contained in UNEP/OzL.Pro/ExCom/50/6; and
- (b) Request bilateral and implementing agencies to include phase-out activities, where appropriate, for eligible consumption in their 2007-2009 business plans for the following countries:
 - (i) CTC: Bolivia and Macedonia, Mauritius, and Tanzania; and

- (ii) TCA: Tanzania and Zimbabwe.
- (c) Request Article 5 countries to submit complete CP data using the new format.
- (d) Model rolling three-year phase out plan: 2007-2009**

Document UNEP/OzL.Pro/ExCom/50/7: contains the model rolling three year phase-out plan for the Multilateral Fund for the years 2007-2009. The paper includes an analysis of the amounts of ODS that needs to be approved for funding to enable all Article 5 countries to achieve compliance with the Montreal Protocol phase-out targets. The paper indicates the ODSs to be phased out in Article 5 countries during the 2007-2009 in approved multi-year, sectoral and national phase-out plans and individual and umbrella projects, and the number of RMPs and TPMPs under current implementation in low-volume consuming countries.

Issues to be addressed:

- The level of effort still required by both the Article 5 countries concerned and the implementing and bilateral agencies to implement the already funded reductions in ODS consumption and production (about 78,226 ODP tonnes of ODS consumption and 95,234 ODP tonnes of ODS production), and the additional amounts of ODS to be funded to enable compliance with the Protocol's phase-out targets; and
- The level of funding (some US \$9.3 million) associated with tranches of already approved phase-out projects that was not submitted for approval to the 50th Meeting.

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

- (a) Consider adopting the 2007-2009 model three-year phase-out plan as a flexible guide for resource planning for the corresponding triennium;
- (b) Urge Article 5 countries with approved but not implemented projects and the cooperating implementing and bilateral agencies to accelerate the pace of implementation during the 2007-2009 triennium;
- (c) Urge bilateral and implementing agencies to work with those countries that have been identified as needing immediate assistance to achieve to achieve the 2007 and 2010 Protocol's phase-out targets and include activities in their 2007-2009 business plans as appropriate;
- (d) Request the Secretariat to present an updated Model three-year rolling phase-out plan for the years 2008-2010 to the last meeting in 2007 to provide guidance as relevant for the preparation of the 2008-2010 business plan of the Multilateral Fund; and
- (e) To note that:
 - (i) Some 40,254.8 ODP tonnes of ODS consumption and 54,509.0 ODP tonnes of ODS production are yet to be phased out in approved multi-year sectoral and national phase-out plans;

- (ii) Some 37,971.0 ODP tonnes of ODS consumption and 40,724.8 ODP tonnes of ODS production have yet to be phased out in approved individual or umbrella projects; and
- (iii) Sixty-four RMP projects for LVC countries; 32 TPMPs for LVC countries; and 35 national ODS phase-out plans for non-LVC countries are under current implementation.

(e) Paper on priorities for the triennium 2006-2008, beyond the needs identified by the model rolling three-year phase-out plan, taking into account the remaining US \$40 million in unallocated funds for the triennium (follow-up to decisions 49/4 (c) and (g)):

Document UNEP/OzL.Pro/ExCom/50/8: outlines all remaining phase-out obligations of Article 5 Parties by year and by triennium and presents any decisions by the Executive Committee and the Meeting of the Parties that could be pertinent to the discussion on priorities for the triennium, beyond the needs identified by the compliance oriented model, taking into account the remaining US \$40 million in unallocated funds for the triennium.

Issues to be addressed:

- Remaining phase-out obligations;
- Funding possibilities emanating out of previous decisions and others; and
- Views on priorities for un-allocated resources.

Action expected from the Executive Committee: In prioritizing which activities might be considered in allocating the remaining US \$40 million in the business plans for 2006-2008, the Executive Committee may wish to:

- (a) Note the Paper on priorities for the triennium 2006-2008, beyond the needs identified by the model rolling three-year phase-out plan, taking into account the remaining US \$40 million in unallocated funds for the triennium as contained in document UNEP/OzL.Pro/ExCom/50/8;
- (b) Consider priorities for the 2006-2008 triennium for the remaining US \$40 million in unallocated funds including *inter alia* those activities that were considered outside of the compliance oriented model in the initial business plans including:
 - (i) Accelerated phase-out of methyl bromide;
 - (ii) HCFC activities;
 - (iii) Non-investment methyl bromide activities;
 - (iv) Activities for combating illegal trade;
 - (v) Additional funding initiatives outside the business plans and budgets;
 - (vi) MDI activities and funding for Parties that have received all eligible funding but risk non-compliance;

- (vii) ODS destruction; and
- (viii) Long-term management of halon banks.

6. Programme implementation:

(a) Monitoring and implementation:

(i) Final evaluation report on cases on non-compliance (follow-up to decision 46/6)

Document UNEP/OzL.Pro/Excom/50/9: provides the Executive Committee with a summary of eight case studies on countries in past or present non-compliance with the freeze and/or reduction targets set for the different ODS substances by the Montreal Protocol. It follows up on the desk study on non-compliance presented to the 46th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/46/6) and the resulting Decision 46/6 requesting the Senior Monitoring and Evaluation Officer “to include a full analysis and follow-up study on cases of non-compliance, including field visits, in the monitoring and evaluation work programme for 2006”.

Issues to be addressed:

- Compliance situation in the countries visited;
- Causes for non-compliance;
- Measures taken for returning to compliance; and
- Conclusions and recommendations.

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

- (a) Note the final evaluation report on cases of non-compliance contained in UNEP/OzL.Pro/ExCom/50/9; and
- (b) Communicate the conclusions to the 38th Meeting of the Implementation Committee in mid-2007 through the presentation to be made by the Multilateral Fund Secretariat and the Implementing Agencies advising that:
 - (i) One of the most important incentives for returning to compliance has been the commitment to meeting the targets set by the respective plan of action submitted to the Implementation Committee and approved by the Meeting of the Parties; and
 - (ii) Once a country has taken decisive action in approving and enforcing legislation, improving and correcting data reporting, if applicable, and accelerating previously delayed project implementation, rapid progress towards compliance is possible in most cases.

(ii) 2006 consolidated project completion report

Document UNEP/OzL.Pro/ExCom/50/10 and Add.1: provide the Executive Committee with an overview of the results reported in the project completion reports (PCR) received during the

reporting period, i.e. since the 47th Meeting in November 2005. This corresponds to decisions 23/8(i) and 26/11 of the Executive Committee requesting the Senior Monitoring and Evaluation Officer to present a consolidated PCR, after consultation with the implementing agencies, at the third meeting of each year.

Issues to be addressed:

- PCRs received and due;
- Content and quality;
- Lessons learned reported in PCRs and on Multi-Year-Agreements;
- Schedule for submission of PCRs in 2007; and
- Consistency of data reported in PCRs and in annual progress reports.

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

- (a) Taking note of the 2006 Consolidated Project Completion Report including the schedule for submission of Project Completion Reports (PCRs) due and the lessons learned in Annex II;
- (b) Requesting implementing and bilateral agencies concerned:
 - (i) to establish by the end of January 2007, in cooperation with the Multilateral Fund Secretariat, full consistency of data reported in the PCRs in the Inventory and in the Annual Progress Reports;
 - (ii) to provide, by the end of January 2007, the information still missing in a number of PCRs; and
 - (iii) to clear the backlog of PCRs for projects completed before the end of 2004 by the end of January 2007.
- (iii) Draft Monitoring and Evaluation work programme for the year 2007;**

Document UNEP/OzL.Pro/ExCom/50/11: contains the draft 2007 monitoring and evaluation work programme, which summarizes the results achieved in implementing the 2006 work programme; a proposal for the evaluation studies to be conducted in 2007; the general methodological approach; and the budget required for implementing the evaluation studies in 2007.

Issues to be addressed:

- Results of the 2006 work programme;
- Evaluation studies proposed for the year 2007;
- Implementation modalities and methodological approach; and
- Budget for the 2007 work programme.

Action expected from the Executive Committee: The Executive Committee might wish to consider approving the proposed 2007 work programme for monitoring and evaluation at a budget of US \$361,000, as shown in document UNEP/OzL.Pro/ExCom/50/11.

(b) Project implementation delays

Document UNEP/OzL.Pro/ExCom/50/12: contains five sections. Section I addresses the projects with implementation delays for which reports were requested by the Executive Committee. Section II addresses delayed projects in countries with compliance related issues. Section III considers a request for the transfer of a project. Section IV addresses additional status reports submitted as requested by the Committee, following its review of annual progress reports at to the 49th Meeting, covering activities up to 31 December 2005. Section V addresses the Executive Committee's requests for delayed progress report submissions. No projects are proposed for cancellation and therefore there are no impacts on compliance of project cancellations at the 50th Meeting.

Issues to be addressed:

- Pending status reports identified in Table 3 of the document;
- Delayed projects in countries with related compliance issues;
- Request for the transfer of a component of a multi-year agreement;
- Status report from UNDP on HCFC surveys in 12 countries; and
- Plan to ensure sustainability of the halon bank in Libya.

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

- (a) Requesting the Governments of Portugal and Switzerland to provide progress reports to the 51st Meeting of the Executive Committee;
- (b) Requesting reports on the following activities with implementation delays for the 51st Meeting:

| Agency | Code | Project Title |
|--------|--------------------|---|
| UNDP | BRA/PHA/41/INV/264 | National CFC phase-out plan in Brazil: second tranche |
| UNDP | COL/PHA/41/INV/60 | National phase-out plan for Annex A (Group I and II) substances in Colombia: first implementation programme |

(c) Noting:

- (i) With appreciation, the reports on projects with implementation delays submitted to the Secretariat by Australia, Canada, France, Germany, Japan, Italy, Sweden and the four implementing agencies and the progress report submitted by the United States of America as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/50/12);
- (ii) That the Secretariat and implementing agencies would take established actions according to the Secretariat's assessments (progress, some

progress, or no progress) and report to and notify governments and implementing agencies as required;

- (iii) The completion of 15 out of the 102 projects listed with implementation delays;
- (iv) That letters of possible cancellation should be sent for the following projects:

| Agency | Code | Project Title |
|--------|--------------------|---|
| France | SYR/REF/29/INV/53 | Conversion from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at Shoukairi and Co. in Syrian Arab Republic |
| IBRD | ARG/REF/18/INV/39 | Elimination of CFC in the manufacturing plant of domestic refrigerators of Neba S.A. in Argentina |
| IBRD | JOR/HAL/32/INV/69 | Terminal halon-1211 and halon-1301 phase-out umbrella project for fire equipment manufacturers and suppliers in Jordan converting to ABC powder, CO ₂ , HFC-227ea and inert gases as substitutes |
| UNDP | NIR/PHA/44/INV/112 | National CFC phase-out plan (third tranche) in Nigeria |
| UNEP | GLO/ARS/39/TAS/246 | Development of guidelines to promote safety an aerosol conversions |
| UNEP | KEN/SEV/37/TAS/29 | Policy and technical assistance in Kenya |
| UNEP | SOM/SEV/35/TAS/01 | Formulation of national phase-out strategy in Somalia |
| UNIDO | IRA/FOA/28/INV/50 | Phasing out ODS in manufacturing of flexible PU slabstock foam through the use of liquid CO ₂ blowing technology at Bahman Plastic Co. in Iran |
| UNIDO | IRA/FOA/37/INV/149 | Phasing out of ODS in the manufacture of flexible slabstock foam through the use of LCD blowing technology at Esfanj Shirvan Co. in Iran |
| UNIDO | IRA/REF/28/INV/51 | Replacement of CFC-12 refrigerant by HFC-134a at Iran Compressor Manufacturing Company (ICMC) in Iran |

- (v) That additional status reports should be submitted on those activities and projects listed in Annex I to the present document;
 - (vi) The status of the HCFC surveys and the intention of UNDP to present the results to the 51st Meeting; and
 - (vii) The transfer of the Swedish components of the National CFC phase-out plan in Serbia (YUG/PHA/43/TAS/22 and YUG/PHA/47/TAS/29) by request of the Government of Serbia to UNIDO and the return, at the 51st Meeting of the Executive Committee, of the balance of remaining funds as cash contributions to the Fund to enable the Treasurer to transfer the funds to UNIDO.
- (d) Reaffirming the decision taken at the 47th Meeting in approving the halon banking project in Libya on the condition that UNIDO would submit an acceptable plan for ensuring the sustainability of the halon banking projects.

(c) Annual tranche submission delays

Document UNEP/OzL.Pro/ExCom/50/13: addresses delays in the submission of tranches that were due at the 50th Meeting. It includes a new section on annual tranches submitted incomplete, when a condition of approval had not been met, and/or when the project document had not been signed.

Issues to be addressed:

- Annual tranches not submitted to the 50th Meeting; and
- Annual tranches submitted with incomplete information, conditions not met, and/or without project document signature.

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

- Noting the information on annual tranches of multi-year agreements submitted to the Secretariat by France, Germany, UNDP, UNIDO, and the World Bank as contained in the document on annual tranche submission delays (UNEP/OzL.Pro/ExCom/50/13);
- Noting that 38 of the 49 annual tranches of multi-year agreements that were due for submission were submitted on time to the 50th Meeting, but nine of them could not be considered for approval because the submission was incomplete, a condition of approval had not been met, and/or the project document had not been signed; and
- Noting that letters should be sent for the following annual tranches that were due for submission to the 50th Meeting with the reasons indicated for the delay, and encouraging implementing agencies and the relevant Article 5 Governments to submit these annual tranches to the 51st Meeting.

Table 3

| Country | Agency | Sector | Tranches | Reason Not Submitted Provided by the Implementing Agency |
|------------------------|------------|--|-----------------------------------|--|
| Antigua and Barbuda | World Bank | CFCs Phase-Out | 2006 | Being transferred to UNIDO. |
| Bahamas | World Bank | CFCs Phase-Out | 2005 | To be submitted to 52 nd Meeting. |
| Bangladesh | UNDP | ODS Phase-Out | 2005 | To be submitted to 51 st Meeting. |
| Bangladesh | UNDP | ODS Phase-Out | 2006 | Signature of the project document is still delayed. The NOU has indicated that the project should be signed by end of September. |
| Bangladesh | UNEP | ODS Phase-Out | 2005 | Signature of the project document is still delayed. The NOU has indicated that the project should be signed by end of September. |
| Bangladesh | UNEP | ODS Phase-Out | 2006 | Government delayed signature of project document. |
| Bosnia and Herzegovina | UNIDO | ODS Phase-Out | 2005 | Government delayed signature of project document. |
| Iran | UNIDO | CFCs Phase-Out (Refrigeration Servicing/ Assembly/ Solvents) | 2007 due in 2006 (as per 2006 BP) | The verification audit could not be completed on time. |
| Iran | UNIDO | CFCs Phase-Out (Refrigeration Servicing/ Assembly/ Solvents) | 2008 due in 2006 (as per 2006 BP) | Submitted to the 48 th Meeting but withdrawn at request of Secretariat. |

| Country | Agency | Sector | Tranches | Reason Not Submitted Provided by the Implementing Agency |
|---------|--------|----------------|----------|--|
| Kenya | France | CFCs Phase-Out | 2005 | Submitted to the 48 th Meeting but withdrawn at request of Secretariat. |
| Nigeria | UNDP | CFCs Phase-Out | 2006 | Progress on recently obtained concerning the signature of the ODS regulations and therefore there was no need for the 2006 tranche at this time. |

- (d) Noting that letters should be sent for the following annual tranches that were submitted to the 50th Meeting but were not considered for approval for the reasons indicated, and encouraging implementing agencies and the relevant Article 5 Governments to submit these annual tranches to the 51st Meeting:

Table 4

| Country | Agency | Sector | Tranches | Reason the Submission not Considered for Approval |
|-------------|------------|---------------|------------------|--|
| China | World Bank | Foam | 2007 due in 2006 | Milestone not achieved. Approval will be considered at the 51 st Meeting. |
| Cuba | UNDP | ODS Phase-Out | 2006 | Agreement not signed and submission agreed for the 51 st Meeting. |
| Nigeria | UNDP | CFC Phase-Out | 2005 | Verification report not submitted. |
| Pakistan | UNIDO | CTC Phase-Out | 2005 | Verification was inadequate and there were compliance issues. |
| Philippines | World Bank | CFC Phase-Out | 2006 | Missing verification report. |
| Venezuela | UNIDO | CFC Phase-Out | 2006 | Previous tranche not released prior to the submission of the current request and verification report not received in time. |

- (d) **Report on implementation of approved projects with specific reporting requirements**

Document UNEP/OzL.Pro/ExCom/50/14: contains a progress report on the implementation of national phase-out programme in Colombia, a progress report on the implementation of the MB phase-out project in Jordan, and a report on the verification of sustained cessation of CFC production in Mexico.

Issues to be addressed:

- MB phase-out project in Jordan: Release of US \$900,000 for the third tranche of the project subject to the submission of a report by the Government of Germany confirming that the 2006 target of 54 ODP tonnes had been met.

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

- (a) Take note of the progress report on the implementation of the national phase-out programme in Colombia;
- (b) Take note of the progress report on the implementation of the complete phase-out of the use of MB in Jordan and request the Government of Germany to withhold the release of US \$900,000 pending agreement from the Secretariat to the conclusions of a report to be submitted by the Government of Germany confirming that the 2006 target of 54 ODP tonnes had been met; and
- (c) Commends the Government of Mexico and UNIDO for the good effort in complying with decision 47/29 and implementing the audit requirement to confirm the sustained cessation of CFC production at Quimobásicos, and request the Government and UNIDO to continue monitoring the CFC production closure at Quimobásicos between 2007-2009 as required under decision 47/29.

7. Project proposals:

(a) Overview of issues identified during project review

Document UNEP/OzL.Pro/ExCom/50/15: provides statistics on submissions received, presents issues arising from project review and contains the list of all projects and activities recommended for blanket approval (Annex I) and the list of project for individual consideration (Annex II).

Issues to be addressed:

- Conditional approval of annual work programmes of multi-year agreements (MYAs); and
- Audit of ongoing TPMPs in LVC countries.

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

- (a) With reference to the conditional approval of annual work programmes of multi-year agreements (MYAs), requesting the responsible implementing and bilateral agency to consult with the Secretariat to determine whether the prescribed conditions have been met prior to disbursing funds.
- (b) With reference to audits of TPMPs in LVC countries, noting the selection process undertaken by the Secretariat and agreeing to audits to be undertaken for TPMPs in Croatia and Trinidad and Tobago.

(b) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/50/16: contains 13 projects and activities submitted for approval by the Governments of Australia, Canada, France, Germany and Switzerland as bilateral cooperation. Five projects are addressed in the document and recommended for blanket approval. The remaining 11 will be considered under Agenda Item 7 (d), investment projects.

Issues to be addressed: None.

Action expected from the Executive Committee: the Committee may wish to inform the Parties of the amount of bilateral contributions assigned to Germany's contribution for 2007 during 2006 pursuant decision 49/16 (a).

(c) Amendments to work programmes for 2006

(i) Amendments to UNDP's work programme for 2006

Document UNEP/OzL.Pro/ExCom/50/21: contains seventeen activities submitted by UNDP, comprising of eight proposals for preparation of TPMPs in LVC countries, seven requests for renewal of institutional strengthening projects and two requests for technical assistance. All the proposals except for two requests for IS renewals and one TPMP preparation were recommended for blanket approval and have therefore been considered under Agenda Item 7(a).

Issues to be addressed:

- UNDP has requested funding for the preparation of the TPMP for Bhutan, to be implemented jointly with UNEP. The Secretariat has advised both UNDP and UNEP to defer this submission until after the country completes its RMP, submits a report and demonstrates that additional funding is required for phasing out 25 kilogrammes of CFCs.

Action expected from the Executive Committee: the Committee may wish to consider this issue in the context of UNEP's Work Programme Amendment and also in the light of Decision 45/54 in particular sub-paragraph c "that future TPMP proposals for the post-2007 period might include requests for funding up to the levels indicated in the table below, on the understanding that individual project proposals would still need to demonstrate that the funding level was necessary to achieve complete phase-out of CFCs".

(ii) Amendments to UNEP's work programme for 2006

Document UNEP/OzL.Pro/ExCom/50/22: contains fifty-seven activities submitted by UNEP, including 33 requests for renewal of institutional strengthening projects, 16 proposals for preparation of TPMPs in LVC countries, one request for preparation of an NPP, 3 proposals for TPMP tranches, 3 proposals for technical assistance and the global CAP budget. Forty-six of these activities were recommended for blanket approval and were considered under Agenda Item 7(a). Three activities associated with phase-out plans are discussed in the relevant country project document. Seven other projects are considered for individual consideration. The global CAP budget is considered in Agenda Item (d) below.

Issues to be addressed:

- UNEP has requested preparation funding for a TPMP for Bhutan, to be prepared jointly with UNDP. The Secretariat has advised both UNDP and UNEP to defer this submission until after the country completes its RMP as this is still currently under implementation and is expected to be completed only in December 2007, pending a reassessment of the consumption pattern needs to be undertaken in the year 2007. Based on this specific projects and policy based interventions may be necessary to achieve smooth transition from ODS consumption and achieving ODS phase-out;
- UNEP also submitted requests for TPMP preparation for Guinea Bissau, Malawi and Zambia, three countries with consumption between 5-10 ODP tonnes, for which UNEP would like to prepare the project on their own, without a coordinating agency. The Secretariat expressed its concern to UNEP that the countries listed above have consumption ranging from 5-10 ODP tonnes. As for other countries with similar consumption levels, these countries are likely to require more than just non-investment projects to meet compliance. The Secretariat encouraged UNEP to identify a partner agency that could implement the possible investment component of the project, and share project preparation funds; and
- UNEP has also submitted a request for funding for the preparation of a National CFC Phase-out plan in Yemen. UNEP is submitting the request for the project preparation to be implemented solely by them. UNEP and UNIDO have agreed that the latter will implement the investment components of the NPP once project preparation is completed.

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

- (a) In the case of Bhutan, consider deferring consideration of this project preparation until:
 - (i) Bhutan completes the implementation of the RMP;
 - (ii) UNEP and UNDP submits a comprehensive project progress report indicating the activities that have been implemented and what additional activities, if any, might be needed to achieve the complete phase-out of the 25.5 kilograms of CFCs that might be remaining in the country; and
 - (iii) When (a) and (b) are submitted, the Executive Committee might wish to consider whether it wishes to approve additional funding for the preparation of a TPMP for Bhutan or approving additional funding for the implementation of the remaining activities that might be identified in light of decision 45/54, in particular sub-paragraph (c), “that future TPMP proposals for the post-2007 period might include requests for funding up to the levels indicated in the table below, on the understanding that individual project proposals would still need to demonstrate that the funding level was necessary to achieve complete phase-out of CFCs”.
- (b) In the case of TPMP requests, consider approving funding for the project preparation for Guinea Bissau, Malawi and Zambia as indicated in Table 1, based on the understanding that should investment projects be required, the project

preparation funds would be shared with the relevant implementing or bilateral agency; and

- (c) In the case of the project preparation funds for Yemen, consider approving the request for funds to prepare the NPP for Yemen at the level of US \$50,000 plus support costs.

(iii) Amendments to UNIDO's work programme for 2006

Document UNEP/OzL.Pro/ExCom/50/23: contains two activities submitted for funding by UNIDO including one request for project preparation for total ODS phase-out in Cameroon, and a technical assistance project to phase out the use of MB in commodity storage in Algeria. Both activities are recommended for blanket approval and have been considered under Agenda Item 7(a).

Issues to be addressed: None.

Action expected from the Executive Committee: the Committee may wish to consider approving the funding requested for the project preparation for MB phase-out in Cameroon and the technical assistance project for methyl bromide phase-out in commodity storage in Algeria.

(iv) Amendments to World Bank's work programme for 2006

The World Bank has not submitted a work programme amendment for this meeting.

(d) Compliance Assistance Programme (CAP) budget and work programme for UNEP for the year 2007;

Document UNEP/OzL.Pro/ExCom/50/20: contains UNEPs global CAP budget for 2007.

Issues to be addressed:

- UNEP submitted the global CAP budget for 2007 at the amount of US \$8,003,000 plus agency support costs of 8 per cent totalling US \$640,240. This constitutes a three per cent increase from its budget in 2006, and is in line with decision 47/24. This budget includes funds for global awareness raising which is being submitted as part of the CAP overall funding, likewise consistent with decision 47/24. The Secretariat noted that UNEP's current budget shows very little re-prioritisation among budget lines and encourages it to do so for future submissions.

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

- (a) To approve the CAP budget for 2007 at the amount of US \$8,003,000 plus agency support costs of 8 per cent amounting to US \$640,240 on the basis that:
- (i) UNEP would, in future submissions, provide details on the activities for which the global funds will be used;
 - (ii) UNEP is encouraged to continue to extend the prioritisation of funding

between CAP budget lines so as to accommodate changing priorities; and

- (b) To request the Secretariat to continue liaising with UNEP to monitor the return of unspent funds in accordance with decision 35/36 (d).
- (e) **2007 core unit costs for UNDP, UNIDO and the World Bank and follow-up to decision 49/7(c)**

Document UNEP/OzL.Pro/ExCom/50/21: contains the annual review of the current administrative cost regime in response to decision 41/94(d) and based on the base rates established for the 2006-2008 triennium at the 46th Meeting (decision 46/35).

Issues to be addressed:

- Proposed core unit budget for 2007; and
- Need for a comprehensive independent assessment of administrative costs for the 2009-2011 triennium.

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

- (a) Noting the report on 2007 core unit costs for UNDP, UNIDO and the World Bank as presented in UNEP/OzL.Pro/ExCom/50/21;
- (b) Approving US \$1.751 million for core unit funding for 2007 each for UNDP and UNIDO, and US \$1.58 million for the World Bank in accordance with decision 46/35;
- (c) Authorizing the Secretariat to undertake a comprehensive independent assessment of the administrative costs required for the 2009-2011 triennium, using independent consultants/consulting firms as needed, and report its conclusions to the first meeting of the Executive Committee in 2008; and
- (d) Requesting the implementing agencies to facilitate the participation of internal auditors to participate in the study team.
- (f) **Investment projects**

Document UNEP/OzL.Pro/ExCom/50/15: contains in Annex II a list of 13 projects for individual consideration. All other investment projects, both on-going and new activities, were recommended for blanket approval and were considered in Agenda Item 7(a). Incremental costs have been agreed for all the projects.

Issues to be addressed:

- Each of the projects in the Annex II table (reproduced below) should be considered for approval individually. Project descriptions and the comments of the Secretariat can be found in the relevant country project document referred to in the table (*if required, the Secretariat will further elaborate on issue or issues involved*).

List of projects for individual consideration

| Country | Project | Agency | Issue | Document No. |
|-----------------------------|---|------------------|--|--------------|
| Aerosol sector | | | | |
| China | Phase-out of CFC consumption in the pharmaceutical aerosol sector (2007-2008 biennial programme) | World Bank | Cut-off date of establishment of production; funding for technical assistance; overall cost | ExCom/50/28 |
| Egypt | Phase-out of CFC consumption in the manufacture of aerosol MDIs | UNIDO | No agreement on capital and operating costs of conversion; technology provider | ExCom/50/29 |
| Halon sector | | | | |
| China | Sector plan for halon phase-out in China: 2007 annual programme | World Bank | Implementation of the penalty clause for CO ₂ ; the lack of data in the verification report to indicate the extent of the penalty; and non-compliance with decision 47/50 on the use of the flexibility clause for unused funds | ExCom/50/28 |
| Fumigant sector | | | | |
| Honduras | National methyl bromide phase-out plan, phase II (first tranche) | UNIDO | A new MYA to be approved, the current practice | ExCom/50/32 |
| Vietnam | Technical assistance for phasing out methyl bromide (first tranche) | World Bank | A new MYA to be approved, the current practice | ExCom/50/52 |
| Zimbabwe | Total phase-out of methyl bromide used in grain fumigation | UNIDO | A new MYA to be approved, the current practice | ExCom/50/53 |
| Phase-out plans | | | | |
| Indonesia | National phase-out plan (tranche request) | UNDP, World Bank | Adequacy of verification in the absence of licensing system | ExCom/50/34 |
| Libya | National ODS phase-out plan: 3rd tranche | UNIDO | Condition for tranche request (legislation enacted) not fulfilled | ExCom/50/38 |
| Serbia | National CFC phase-out plan: 3rd tranche | UNIDO | Change of agency; unfulfilment of condition for tranche release (PMU establishment); split of country into two entities | ExCom/50/47 |
| Process agent sector | | | | |
| China | Phase-out of the production and consumption of CTC for process agent and other non-identified uses (phase I): 2007 annual programme | World Bank | Disagreement about 2006 CTC production target. Funding being requested at the 51st Meeting | ExCom/50/28 |
| China | Sector plan for phase-out of ODS process agent applications (phase II) and corresponding CTC production: 2007 annual programme | World Bank | 2007 action plan. Funding being requested at the 51st Meeting | ExCom/50/28 |
| Romania | CTC Process agent phase-out | UNIDO | Linkage with the production sector phase-out in Romania and compliance with decision X/14. | ExCom/50/746 |
| Production sector | | | | |
| China | Sector plan for CFC production phase-out: 2007 annual programme | World Bank | 2007 action plan. Funding being requested at the 51st Meeting | ExCom/50/28 |

Action expected from the Executive Committee: the Committee may wish to consider whether to approve each of the 6 projects listed in the table on the basis of: the information provided in the relevant project proposal document including the Secretariat's comments; any additional documents circulated in accordance with decision 41/80; and, any additional information provided at the meeting by the Secretariat or the relevant implementing agency.

8. Country programmes

No country programmes were submitted to the 50th Meeting.

9. Paper on how best to report on the ODS phase-out achieved within refrigerant management plans and the phase-out achieved in those other projects for ODS phase-out was not fully reported (follow-up to decision 49/7 (e))

Document UNEP/OzL.Pro/ExCom/50/54: contains the policy paper prepared by the Secretariat on the above issue. It addresses those projects and activities by project type for which ODS reductions may not have been fully recorded (including a suggestion on how to report phase-out) and concludes with recommendations for the Executive Committee to consider.

Issues to be addressed:

- Proposed method for assigning ODS phase-out based on commitments made minus any phase-out already recorded.

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

- (a) Noting the Paper on how best to report on the ODS phase-out achieved within refrigerant management plans and the phase-out achieved in those other projects for which ODS phase-out was not fully reported (follow-up to decision 49/7(e)) as contained in document UNEP/OzL.Pro/ExCom/50/54;
- (b) Requesting that ODS phase-outs assigned to RMP/RMP updates, TPMPs, halon banking, methyl bromide, CTC and TCA activities and projects and annual tranches of multi-year agreements should represent the commitments made minus any phase-out already recorded; and
- (c) Requesting that the ODS phase-out recorded based on subparagraph (b) above could be assigned on a pro-rated basis of the value of the approved activity if not otherwise agreed by the implementing agencies involved, the countries concerned, and the Secretariat.

10. Paper on issues related to project completion dates and fund disbursement raised in paragraphs (b) and (g) of decision 49/12)

Document UNEP/OzL.Pro/ExCom/50/55: addresses the request in decision 49/12 stated above and concludes with recommendations for the consideration of the Executive Committee

Issues to be addressed:

- Proposed completion dates submitted by the World Bank and resulting need for an innovative approach for monitoring and reporting on delays in multi-year agreements, including any implementation difficulties; and
- Reporting on funds disbursed and funds transferred to a country.

Action expected from the Executive Committee:

- (a) Noting the Paper on issues related to project completion dates and fund disbursement raised in paragraphs (b) and (g) of decision 49/12 as contained in document UNEP/OzL.Pro/ExCom/50/55;

- (b) Requesting the Fund Secretariat and the implementing agencies to address at the 51st Meeting (see paragraph 8), in the context of the document to be prepared in response to decision 49/6(c), innovative approaches for monitoring and reporting delays in multi-year agreements, including any implementation difficulties; and
- (c) Requesting the World Bank to provide the information requested for applicable multi-year agreements on the amount of funds transferred to a country in the context of its remarks on each annual tranche, while reasserting the need for the consistent application of “funds disbursed” as defined at the 20th Meeting in decision 20/13(a).

11. Report on the operation of the Executive Committee (follow-up to decision 46/40)

Document UNEP/OzL.Pro/ExCom/50/56: contains a supplement to the two papers the Secretariat submitted to the 44th and 45th Meetings on the subject of reducing the number of meetings of the Executive Committee from three to two per year. The supplement summarizes the major issues associated with reducing the number of meetings, updates the assessment of the workload of the Executive Committee included in the paper submitted to the 44th Meeting, and raises a number of questions to assist in focussing the discussion at the forthcoming meeting.

Issues to be addressed:

- The need to seek endorsement from the MOP if a change to the TORs is deemed to be appropriate, and the timing and modality of doing so;
- The possibility and basis for reducing the number of meetings of the Executive Committee from three to two per year from the assessment of the workload;
- The need to introduce an intersessional project approval procedure when moving to a two meeting format, and the advantage to delay such a procedure in order to focus on the transition from the current three meetings to a new format with two meetings; and
- The need to have a level of delegated authority with clear parameters to the Chief Officer in the interest of expediting approval of certain projects/activities on behalf of the Committee.

Action expected from the Executive Committee: the Executive Committee may wish to consider the possibility of reducing the number of meetings of the Executive Committee from three to two per year, and the need for a procedure for possible intersessional project approvals under the two meeting scenarios.

12. Further consideration of the issues addressed in decision 49/36, in light of guidance provided by the Eighteenth Meeting of the Parties

Document UNEP/OzL.Pro/ExCom/50/57: contains a short description of the Executive Committee’s discussion, starting at the 46th Meeting, on “terms of reference for a study regarding collection, recovery, recycling, reclamation, transportation and destruction of unwanted ODS. The Executive Committee, having noted that TEAP presented terms of reference for the conduct of case-studies in Parties operating under paragraph 1 of Article 5 of the Protocol, with regional representation, on the technology and costs associated with a process for the replacement of chlorofluorocarbon-containing refrigeration and air-conditioning equipment, including the environmentally sound recovery, transport and final disposal of such equipment and of the associated chlorofluorocarbons” and informed the Meeting of the Parties of the observation of

substantial commonalities between the two terms of reference and that the issues raised by both could be considered by the Executive Committee of the Multilateral Fund.

Issues to be addressed:

- Depend on the decisions of the 18th Meeting of the Parties.

Action expected from the Executive Committee: the Executive Committee may wish to: discuss the issue in light of any guidance provided by the Eighteenth Meeting of the Parties.

13. Preparation of a discussion paper on the issues raised at the 26th Meeting of the Open-Ended Working Group with regard to the future of the Montreal Protocol, as they related to the Multilateral Fund, taking into account the comments made on the issue at the Eighteenth Meeting of the Parties (follow-up to decision 49/38).

Document UNEP/OzL.Pro/ExCom/50/58: contains background documentation to facilitate discussion on this agenda item, which the Executive Committee, by decision 49/38, requested be introduced for consideration at the 50th Executive Committee Meeting. In particular, this document reproduces the following:

- Full text of decision 49/38;
- Full text of the non-paper by Canada, as presented at the 26th Meeting of the Open-Ended Working Group, on the future of the Montreal Protocol; and
- An extract of the report of the 26th Meeting of the Open-ended Working Group concerning the above-mentioned proposal by Canada.

Issues to be addressed:

- Depend on the discussion at the 18th Meeting of the Parties.

Action expected from the Executive Committee: the Executive Committee may wish to discuss the preparation of a paper on the issues raised at the 26th Meeting of the Open-Ended Working Group with regard to the future of the Montreal Protocol, as they related to the Multilateral Fund, taking into account the comments made on the issue at the Eighteenth Meeting of the Parties.

14. Accounts of the Multilateral Fund:

(a) Final 2005 accounts;

Document UNEP/OzL.Pro/ExCom/50/59: contains the audited financial statement of the Fund as at 31 December 2005 and highlights the issues raised by the Auditors in their report relating to the Multilateral Fund with respect to the US \$82 million in contributions that had been outstanding for more than five years, (between 1992 and 1999). It also notes that unaudited expenditure reports are accepted from the implementing agencies and used as basis for recording their expenditures.

Issues to be addressed:

- The Board recommends the need for the reconciliation of the recorded figures as soon as the audited financial statements are available and urges that the attention of the Meeting of Parties should be drawn to the outstanding payment issue.

Action expected from the Executive Committee:

The Executive Committee may wish to:

- (a) Note the audited financial statement of the Fund as at 31 December 2005;
- (b) Note the Auditors' request that the attention of the Meeting of Parties be drawn to the need to act on writing off long-outstanding receivables; and
- (c) Note the Auditors' observation of the need for the reconciliation of the recorded figures as soon as the audited financial statements are available.

(b) Reconciliation of the 2005 accounts.

Document UNEP/OzL.Pro/ExCom/50/60: contains a brief introduction from the treasurer on progress on the reconciliation exercise for 2005 indicating that an addendum providing the result of the reconciliation will be provided for the committee's consideration at its 50th meeting.

Issues to be addressed:

Following the 38th Meeting and the submission of the 2001 accounts of the Fund, the Executive Committee requested that a full reconciliation of the accounts with the progress and financial reports be submitted for the last meeting of each year (decision 38/9 (d)).

- All the implementing agencies have recently submitted audited accounts to the Treasurer for the period up to December 2005;
- The Treasurer proposes to issue an addendum to document UNEP/OzL.Pro/ExCom/50/60, to report on the 2005 reconciliation; and
- That the Treasurer will make the necessary adjustments to the 2005 accounts on the basis of the difference between the provisional and final 2005 accounts in the 2006 Financial Accounts.

Action expected from the Executive Committee:

- Pending.

15. Revised 2007, 2008 and proposed 2009 budgets of the Fund Secretariat.

Document UNEP/OzL.Pro/ExCom/50/61: presents a revision of the 2007 budget which was approved at the 48th Meeting (UNEP/OzL.Pro/ExCom/48/45 Annex XIV) as well as the budget for 2008 as approved at the 48th Meeting and proposes the 2009 budget to cover staff costs in 2009.

Issues to be addressed: None.

Action expected from the Executive Committee: the Executive Committee is invited to:

- (a) Approve the amount of US \$2,426,000 in the revised 2007 budget of the Fund Secretariat totalling US \$5,264,261 to cover the 2007 salary component already approved at the 48th Meeting of the Executive Committee and the 2007 operational costs of the Secretariat including the treasury fees of US \$500,000 which are subject to further discussions on this issue;
- (b) Note the amount of US \$2,980,174 for 2008 already approved at the 49th Meeting; and
- (c) Approve the proposed 2009 salary component of the budget totalling US \$3,129,183.

16. Other matters.

17. Adoption of the report.

18. Closure of the meeting.
