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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

REPORT ON THE OPERATION OF THE EXECUTIVE COMMITTEE
(FOLLOW-UP TO DECISION 46/40)

A SUPPLEMENT

I.   BACKGROUND

1.   The Secretariat prepared and submitted to the 44th Meeting of the Executive Committee in 2004 a discussion paper on the operation of the Executive Committee (UNEP/OzL.Pro/ExCom/44/69) which examined the possibility of reducing the number of meetings of the Committee from three to two per year and the potential for an intersessional project approval procedure under a two-meeting per year scenario. Subsequently the Secretariat provided to the 45th Meeting an additional assessment on the financial implications of reducing the number of meetings from three to two per year (UNEP/OzL.Pro/ExCom/45/48).   The Executive Committee held discussions on the subject at its 44th, 45th and 46th Meetings and decided at the 46th Meeting to "re-examine the issue at its 50th Meeting" (decision 46/40).

2.   The Secretariat is not re-issuing the two papers which were submitted to the 44th and 45th Meetings for the sake of economy, but is ready however to copy them electronically to any member or co-opted member before the Meeting and to make copies available during the meeting itself in New Delhi. Further, to facilitate the Committee resuming the discussions, the Secretariat has prepared this supplement which 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.

II.   MAJOR ISSUES ASSOCIATED WITH REDUCING THE NUMBER OF MEETINGS

II.1   The terms of reference of the Executive Committee: A legal issue

3.   The terms of reference (TOR) of the Executive Committee for the interim Multilateral Fund, which were adopted by the Second Meeting of the Parties (MOP) stipulated that "the Executive Committee shall meet at least twice a year".   At the request of the Executive Committee, the Ninth Meeting of the Parties amended the TOR as follows: "the Executive Committee shall hold three meetings a year while retaining the flexibility to take advantage of the opportunity provided by other Montreal Protocol meetings to convene additional meetings where special circumstances made this desirable" (decision IX16).

4.   As noted in document UNEP/OzL.Pro/ExCom/45/48 some members expressed the view that any proposal to reducing the number of meetings from three to two per year had to be endorsed by the MOP. One member however was also of the view that since the proposal to have two meetings did not contradict the original TOR, there was no need to seek endorsement from the MOP. The Executive Committee will therefore need to consider whether reverting to the original TOR's provision for at least two annual meetings requires endorsement by a Meeting of the Parties.

II.2   Can the Executive Committee accomplish its duties at two meetings: A workload issue

5.   In its paper to the 44th Meeting in 2004, the Secretariat did a forward-looking assessment of the workload of the Executive Committee and presented it in tabular form. An update of this assessment is presented in Annex I.

6.   In measuring the workload of the Executive Committee, it is important to differentiate between the workload of the Secretariat and that of the Executive Committee. What consumes time and energy and therefore adds to the workload of the Executive Committee at its meetings are issues outstanding either from policies or projects and programmes. For instance, 100 project proposals submitted to a meeting measure the workload of the Secretariat because it has to review them and formulate its recommendations to the Executive Committee. If after the review by the Secretariat only two projects have outstanding issues and are recommended for individual consideration, these two projects would constitute the workload of the Executive Committee for project approval at its meeting since they could result in a prolonged exchange of views among the members, with possible additional information from the implementing agencies and the Secretariat. This could take up the Committee's time while the other 98 projects are processed *en masse* through blanket approval. To provide some perspective on the degree of the challenge that projects with issues pose to the workload of the Executive Committee, a breakdown by meeting between the 45th to the 49th Meetings of the total number of submissions vis-a-vis the number of projects recommended for individual consideration is included in Annex I.

II.3   How can two meetings a year accommodate the annual business cycle: An operational issue

7.   The analysis of the original paper showed that rearranging the various activities in the annual business cycle from three to two meetings was feasible depending on the timing of the two meetings.   One of the alternative timings for holding the two meetings was May and November. The only difficult exception could be the progress reports which may have to be split between the two meetings since the financial data on projects from the previous year would not be available to be submitted to the Secretariat and assessed in time for the first meeting (May). As a result under a two-meeting scenario, the operational data on ongoing projects and programmes would be reviewed by the Executive Committee at the first meeting of the year and the financial data would be submitted to the second meeting together with other items on finance.

II.4   An intersessional project approval procedure to address urgent cases of likely non-compliance

8.   The extended interval between meetings under the two-meetings per year scenario could require a procedure to address urgent cases of likely non-compliance. The existing intersessional approval procedure works on a "non-objection" basis and solicit the explicit opinion of each member of the Executive Committee on every project which is subject to the procedure. The only difference from approval at a Committee Meeting is a change in the mode of communication from voice to written and, of course, a lack of ready interchange of views between Members. The latest application of the procedure was the approval of the 2006 annual work programme of the Agreement for the Argentina CFC production sector in August 2006.

9.   On the other hand, a procedure for the delegation of authority could be introduced on the basis of a level of authority provided to the Chief Officer to approve projects on behalf of the Executive Committee. The level of authority for approval could be pre-defined by the Executive Committee based on the level of funding involved, the type of project and other criteria. This could leave the Committee with the ability to focus more on strategic and policy matters as well as projects/activities with specific levels of expenditure or difficulty. In comparison, the existing procedure enables the Executive Committee to maintain a greater level of control than a procedure for a delegated authority to the Chief Officer.

II.5   Potential savings from reducing the number of meetings: A cost issue

10.   An item by item analysis of the cost of holding meetings of the Executive Committee showed that the savings from reducing the number of meetings from three to two per year could be approximately US $200,000.

III.   ISSUES FOR DISCUSSION

11.   Would it be necessary to seek endorsement from the MOP if a change to the TORs is deemed to be appropriate.

12.   If an endorsement is necessary, when and how would this be raised with the MOP.

13.   Does the updated workload assessment in Annex I show the possibility and basis for reducing the number of meetings of the Executive Committee from three to two per year.

14.   Would it be necessary to introduce an intersessional project approval procedure when moving to a two meeting format, or would it be more advantageous to delay such a procedure in order to focus on the transition from the current three meetings to a new format with two meetings.

15.   Would a level of delegated authority with clear parameters to the Chief Officer be necessary to expedite approval of certain projects/activities on behalf of the Committee.

ANNEX I: UPDATED ASSESSMENT OF THE WORKLOAD OF THE EXECUTIVE COMMITTEE

Item	Burden		Complexity		Comments	
Now	2004	2006	2004	2006	2004	2006
Policies development and planning						
• Guideline on project eligibility	Low	Low	Low	Low	Generally well established: issues will arise with application of guidelines	Same as 2004
• Resources management and allocation for business planning	High	High	High	High	Criteria to balance between the need for acceleration from approved MYAs and the need for compliance in accordance with Montreal Protocol schedule	The balance between need for acceleration and need for compliance is less compelling. The current challenge is the balance between compliance and forward-looking planning on HCFCs, ODS destruction, etc.
• Assistance to LVCs	High	High	High	High	Replenishment of over 80 RMPs in LVC prior to 2007	Guidelines on funding TPMP approved at 45th Meeting. Current challenge is to have about 60 TPMPs submitted and approved for assistance to LVCs beyond 2007.
Project implementation						
• Project level monitoring	Low	Low	Low	Low	Well established	Well established and most of stand-alone projects are being completed.
• MYA monitoring	High	High	High	High	Criteria under development	Guidelines on verification of national consumption targets for MYAs approved at 46th Meeting. Further refinement and streamlining reporting and monitoring needed.
• Compliance monitoring	High	High	High	High	New indicators and systems needed	Revised country programme reporting format approved at 46th Meeting to enable improved compliance monitoring. Further refinement is needed.
Project approvals (on an annual basis)						
• Country programme updates	4-5	4-5	Low	Low	Well established	Same as 2004.
• Institutional strengthening and renewals	70	70	Low	Low	Well established	Policies and guidelines well established.
• On-going MYAs	55	85	High	High	Criteria for monitoring under development	Guidelines on verification of national consumption targets for MYAs approved at 46th Meeting. Further refinement and streamlining reporting and monitoring needed.
• New MYAs	30	63*	High	High	No uniform cost-effectiveness thresholds for MYAs, although with a good number of precedents	Good experience in approving MYAs in non-LVCs. Guidelines on funding TPMP approved at 45th Meeting.
• RMPs LVC replenishment	86	20**	High	High	Criteria to be designed	Good experience in approving MYAs in non-LVCs. Guidelines on funding TPMP approved at 45th Meeting.
• Work programmes and amendments	50	50	Low	Low	Well established for project preparation	Policies and guidelines for project preparation well established.

* As per 2006-2008 business plan, 47 TPMP/RMP update and 14 sector plans for non LVCs are to be approved within the 3 years.

** An additional 20 LVCs should receive funding according to 3 year rolling plan

The table above provides an update of the assessment of the workload of the Executive Committee which was included in the paper submitted by the Secretariat in 2004 (UNEP/OzL.Pro/ExCom/44/69). The update is shown in the column "2006" while the original is indicated in the column "2004". The criteria used in the assessment remain the same and are reproduced below.

To assess the level of workload, quantification by number, such as the number of institutional strengthening projects, is provided where possible. For those activities where quantification by number is not possible, a "high" or "low" rating is given with a short explanation in the "comments" column. For the assessment of complexity, the criteria applied relate to the availability of established policies and guidelines. Where clear policies and guidelines exist, for instance for the funding eligibility of individual projects, the complexity is classified as "low", and where the guidelines are still developing the complexity is determined to be "high".

Statistics on total submissions and projects for individual consideration by meeting

Meeting	Total Submission	Projects for Individual Consideration	Percentage
45th (1st of the year)	93	16	17.20%
46th (2nd of the year)	41	5	12.20%
47th (3rd of the year)	88	19	21.59%
48th (1st of the year)	97	13	13.40%
49th (2nd of the year)	48	6	12.50%