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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-third Meeting  
Montreal, 26-30 November 2007

**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/53/1 contains the Provisional Agenda for the 53<sup>rd</sup> 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/53/1 and as amended verbally at the plenary.

**(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 issuance 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/53/2 presents a report on the activities of the Secretariat since the 52<sup>nd</sup> Meeting of the Executive Committee. The document includes information on the follow-up activities implemented by the Secretariat on the outcome of the 52<sup>nd</sup> Meeting, and the preparations for the 53<sup>rd</sup> Meeting, as well as information on the missions undertaken by the Chief Officer and the staff of the Secretariat during this reporting period.

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/53/3 provides information on the status of the Fund as at 22 October 2007 as recorded by the Treasurer. At that date, the Fund's balance stood at US \$102,052,565 after taking into account all the funds approved by the Executive Committee up to and including the 52<sup>nd</sup> Meeting.

Issues to be addressed: None.

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/53/3 which provides additional information on promissory notes.
- (b) Again urge all Parties to pay their contributions to the Multilateral Fund in full and as early as possible.

### **5. Status of resources and planning**

#### **(a) Report on balances and availability of resources**

Document UNEP/OzL.Pro/ExCom/53/4: contains the submissions of the implementing agencies on completed projects with balances and the return of funds from cancelled projects.

Issues to be addressed:

- US \$12.3 million of the US \$15.3 million in balances is for annual tranches of multi-year agreements;
- Almost US \$9.6 million of the US \$15.3 million is held for projects completed over 2 years ago.

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/53/4;
- (b) Note the net level of funds being returned by the multilateral implementing agencies to the 53<sup>rd</sup> Meeting amounting to US \$292,961 against project balances. This takes into account a reimbursement to UNIDO of US \$280,915, and returns of US \$551,168 from UNDP and US \$22,708 from UNEP;
- (c) Note the net level of support costs being returned by the multilateral implementing agencies to the 53<sup>rd</sup> Meeting amounting to US \$24,787 against project support cost balances. This takes into account a US \$20,934 reimbursement to UNIDO, and the return of US \$42,769 from UNDP and US \$2,952 from UNEP;
- (d) Note that multilateral implementing agencies had balances totalling US \$9,576,651 excluding support costs from projects completed over two years ago. This includes US \$119,512 from UNDP, US \$899,062 from UNEP, US \$669,352 from UNIDO, and US \$7,888,725 from the World Bank;
- (e) Note the transfer of US \$510,659 plus agency fees from UNDP to UNIDO for national methyl bromide projects in Kenya (KEN/FUM/44/INV/38 and KEN/FUM/50/INV/40);
- (f) Note the transfer of US \$12,000 plus agency fees from UNDP to UNIDO for the TPMP project in Niger (NER/PHA/48/PRP/17); and
- (g) Note that US \$102,370,313 (to be updated at the meeting) was available to the Executive Committee for approvals at the 53<sup>rd</sup> Meeting.

**(b) 2007 business plans**

Document UNEP/OzL.Pro/ExCom/53/5 considers business planning in the light of the submissions to the 53<sup>rd</sup> Meeting.

Issues to be addressed:

- The value of projects submitted to the 53<sup>rd</sup> Meeting exceed the amounts in the business plans by US \$44.2 million mostly due to the submission of proposals to accelerate production phase-out; one-off requests instead of multi-year requests; and HCFC surveys and project preparation;
- US \$21.6 million was submitted to the 53<sup>rd</sup> Meeting for activities not included in the business plan of which US \$10.5 million is for HCFC surveys and project preparation;
- US \$19.7 million remains unallocated for the 2006-2008 triennium; and
- Proposal to include Annual Tranche Submission Delays in future reports.

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

- (a) Noting the report on the status of the 2007 business plans as contained in UNEP/OzL.Pro/ExCom/53/5 and that the value of forward commitments approved at the 53<sup>rd</sup> Meeting [exceeds/is below] the value in the 2007-2009 business plan of the Multilateral Fund by US \$----- [to be updated based on actual approvals at the 53<sup>rd</sup> Meeting];
- (b) Determining whether activities not included in the 2007 business plans could be considered for approval at the current meeting; and
- (c) Requesting the Fund Secretariat to proceed with the inclusion of information on submission delays in the context of its review of the implementation of business plans at the second and third meetings of the year.
- (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/55/6/Rev.1 contains four parts and two annexes. Part I has been prepared in response to decisions 32/76(b) and 46/4, which requested that the Secretariat prepare an annual update of the status of compliance of Article 5 countries that are subject to the Montreal Protocol control measures. Part II and III contain information on countries with compliance decisions and an analysis of consumption by sector. Part IV is a new section that presents a proposal from the Secretariat on addressing countries at risk of non-compliance in future documents and includes information on projects with implementation delays.

Issues to be addressed:

- New information included in the document on approval dates of enabling activities and the establishment of licensing systems; and
- Proposals for including Implementation Delays and assessing risk of non-compliance in future reports.

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

- (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/53/6/Rev.1; and
- (b) Request the Fund Secretariat to proceed with a revision the status of compliance, based on any guidance the Committee might give, and to include data on project implementation delays and an assessment of risks of non-compliance based on criteria.

**(d) Model rolling three-year phase-out plan: 2008-2010 (follow-up to decision 50/5 (d))**

Document [UNEP/OzL.Pro/ExCom/53/7](#) contains the model rolling three year phase-out plan for the Multilateral Fund for the years 2008-2010. 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, and indicates the ODSs to be phased out in Article 5 countries during the 2008-2010, in approved projects.

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 57,885 ODP tonnes of ODS consumption and 54,455 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 \$5.3 million) associated with tranches of already approved phase-out projects that was not submitted for approval to the 53<sup>rd</sup> Meeting.

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

- (a) Consider adopting the 2008-2010 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 relevant implementing and bilateral agencies, to accelerate the pace of implementation during the 2008-2010 triennium;
- (c) Urge bilateral and implementing agencies to work with those countries that have been identified in need of immediate assistance to achieve the 2007 and 2010 Protocol's phase-out targets, and include activities in their 2008-2010 business plans as appropriate;
- (d) Request the Secretariat to present an updated model three-year rolling phase-out plan for the years 2009-2011 to the last meeting in 2008 to provide guidance, as relevant, for the preparation of the 2009-2011 business plan of the Multilateral Fund; and
- (e) To note that:
  - (i) In total about 57,885.5 ODP tonnes of ODS consumption and 54,455.0 ODP tonnes of ODS production have yet to be phased out during the remainder of 2007 and in the 2008-2010 triennium;

- (ii) Fifty-three TPMPs for LVC countries, 42 national ODS phase-out plans for non-LVC countries, and 10 phase-out plans in the production sector in 5 non-LVC countries are under current implementation; and
- (iii) National phase-out plans for two non-LVC countries and TPMPs for 31 LVC countries are yet to be submitted for consideration and approval by the Executive Committee.

**6. Programme implementation:**

**(a) Monitoring and implementation:**

**(i) Extended desk study on low volume methyl bromide projects**

Document UNEP/OzL.Pro/ExCom/53/8: The extended desk study on low volume methyl bromide projects is part of the 2007 Monitoring and Evaluation Work Programme approved by the Executive Committee at its 50th Meeting (decision 50/9). This evaluation aims at establishing the usefulness of those measures and their impact in terms of enabling compliance with the 20 per cent reduction step for MB consumption in 2005 and the complete phase-out by 2015.

Issues to be addressed:

- Evaluation issues analyzed and methodology used;
- Methyl bromide consumption trends and countries' compliance;
- Results and lessons learned from projects implemented in MB-LVC countries;
- Sustainability issues; and
- Conclusions and recommendations for the next phase of evaluation.

Action expected from the Executive Committee: the Executive Committee may wish to note the information provided in the extended desk study on low volume methyl bromide projects in document UNEP/OzL.Pro/ExCom/53/8.

**(ii) 2007 consolidated project completion report**

Document UNEP/OzL.Pro/ExCom/53/9 and Add.1 provides 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 50th Meeting in November 2006. It also includes lessons learned provided by the agencies in the progress reports of annual implementation programmes, as requested by the Executive Committee at its 48<sup>th</sup> Meeting.

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 2007 consolidated project completion report including the schedule for submission of project completion reports (PCRs) due and the lessons learned in Annex II of UNEP/OzL.Pro/ExCom/53/9;
- (b) Requesting implementing and bilateral agencies concerned:
  - (i) To establish by the end of January 2008, 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 2008, the information still missing in a number of PCRs; and
  - (iii) To clear by the end of January 2008 the backlog of PCRs for projects completed before the end of 2005.

**(iii) Draft Monitoring and Evaluation work programme for the year 2008**

Document UNEP/OzL.Pro/ExCom/53/10 contains the draft 2008 monitoring and evaluation work programme, which summarizes the results achieved in implementing the 2007 work programme; a proposal for the evaluation studies to be conducted in 2008; the general methodological approach; and the budget required for implementing the evaluation studies in 2008.

Issues to be addressed:

- Results of the 2007 work programme;
- Evaluation studies proposed for the year 2008;
- Implementation modalities and methodological approach; and
- Budget for the 2008 work programme.

Action expected from the Executive Committee: the Executive Committee might wish to consider approving the proposed 2008 work programme for monitoring and evaluation at a budget of US \$326,000, as shown in document UNEP/OzL.Pro/ExCom/53/10.

**(iv) Review of the new format for reporting on multi-year agreements, including terminal phase-out management plans (follow-up to decision 51/13)**

Document UNEP/OzL.Pro/ExCom/53/11: the Committee decided to adopt the new format for MYAs, including terminal phase-out projects on an interim basis for review at the 53rd Meeting. The current format is included in Annex I of the document.

Issues to be addressed:

- Experience gained in using the new standardized format for MYAs; and
- Suggestions for further improvements of the format.

Action expected from the Executive Committee: the Executive Committee may wish to note the review of the new format for reporting on MYAs, including terminal phase-out management plans (follow-up to decision 51/13) as contained in UNEP/OzL.Pro/ExCom/53/11.

**(b) Project implementation delays**

Document UNEP/OzL.Pro/ExCom/53/12 consists of five sections. Section I addresses projects with implementation delays that are subject to procedures for project cancellation; Section II delayed projects in countries where there are compliance-related issues; Section III additional status reports that have been submitted in response to requests by the Committee; Section IV proposed for cancellation at the 53rd Meeting; and Section V considers a request for the transfer of a project.

Issues to be addressed: None.

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

(a) Noting:

- (i) With appreciation, the status reports on projects with implementation delays submitted to the Secretariat by the Governments of Australia, Canada, France, Germany, Japan, Portugal, Sweden, and the four implementing agencies, and the 2006 progress report from the Government of Sweden addressed in UNEP/OzL.Pro/ExCom/53/12;
- (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 seven out of the 60 projects listed with implementation delays;



- (iv) That letters of possible cancellation should be sent in respect of 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.
UNDP	LIB/FOA/32/INV/05	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Sebha Unit
UNEP	GLO/SEV/39/TAS/248	Production of OzonAction Newsletter in Russian, translation of 4 refrigeration/customs training modules into Russian, and reprinting and updating existing publications
UNEP	SOM/SEV/35/TAS/01	Formulation of national phase-out strategy

- (b) Requesting additional status reports on the projects listed in Annex I to the present document;
- (c) Requesting milestone and deadline to be reported at the 53<sup>rd</sup> Meeting for the following project:

Agency	Code	Project Title
Germany	IRA/FOA/37/INV/152	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded PU foam at Sanayeh Dashboard Iran

- (d) Noting the cancellation of the following projects by mutual agreement:

Agency	Code	Project Title
Germany	ALG/SEV/43/CPG/60	Development of a country programme update
UNDP	LAO/FOA/44/INV/14	Conversion from CFC-11 in the manufacture of box foam (FPF) and insulated containers (RPF) in Prasert Sofa Shop Co., Ltd.
UNIDO	ETH/SOL/45/TAS/15	Training and awareness workshop in the solvents and process agents (CTC and TCA) sector

- (e) Requesting the Governments of Finland and the United States of America to submit progress reports to the 54<sup>th</sup> Meeting.

**(c) Annual tranche submission delays**

Document [UNEP/OzL.Pro/ExCom/53/13](#) is submitted as a follow-up to the decision taken at the 47th Meeting of the Executive Committee (decision 47/50(d)), which requested that a separate item on delays in the submission of annual tranches and disbursement of funds for tranches, and presents reasons for delays and recommendations for consideration by the Executive Committee.

Issues to be addressed:

- 14 annual tranches that were due for submission were not submitted largely due to slow progress;
- An addition 10 tranches were submitted but subsequently withdrawn largely due to the low rate of expenditure and implementation;

- An additional 10 tranches were submitted without the required verification report and therefore deferred; and
- Tranches were not submitted for six countries subject to decisions of the Parties on compliance.

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

- (a) Noting the information on annual tranches of multi-year agreements submitted to the Secretariat by France, UNDP, UNEP, UNIDO and the World Bank contained in the document on annual tranche submission delays (UNEP/OzL.Pro/ExCom/53/13);
- (b) Noting that 14 of the 57 annual tranches of multi-year agreements that were due for submission were not submitted on time to the 53<sup>rd</sup> Meeting, and ten were withdrawn due to the low levels of disbursement of funds and/or slow implementation;
- (c) Noting that letters should be sent for the annual tranches listed below that were due for submission to the 53<sup>rd</sup> 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 54<sup>th</sup> Meeting unless otherwise indicated:

Country	Agency	Sector	Tranches	Reason for delay
Albania	UNIDO	ODS Phase-out	2007	The activities under prior tranches are only expected to be completed by the end of 2007 or the beginning of 2008.
Antigua and Barbuda	World Bank	CFCs Phase-out	2006	Awaiting signature of the grant agreement.
Bangladesh	UNDP	ODS Phase-out	2007	Tranches for 2005 and 2006 were submitted without verification reports and the 2007 tranche is expected to be submitted with the 2008 tranche after approval of 2005 and 2006 tranches.
Bangladesh	UNEP	ODS Phase-out	2007	Tranches for 2005 and 2006 were submitted without verification reports and the 2007 tranche is expected to be submitted with the 2008 tranche after approval of 2005 and 2006 tranches.
Congo, DR	UNDP	CFCs Phase-out	2007	Slow progress in implementing current work plan.
Congo, DR	UNEP	CFCs Phase-out	2007	Slow progress in implementing current work plan.
Islamic Republic of Iran	UNIDO	CFCs Phase-out (Refrigeration Servicing /Assembly/ Solvents)	2008	To be provided by UNIDO.
Kenya	France	CFCs Phase-out	2005	Recent initiation of first tranche.
Kyrgyzstan	UNDP	CFCs Phase-out	2007	Slow progress in signing the project document and subsequently delay in the implementation of the 2007 annual plan.

Country	Agency	Sector	Tranches	Reason for delay
Kyrgyzstan	UNEP	CFCs Phase-out	2007	Slow progress in signing the project document and subsequently delay in the implementation of the 2007 annual plan.
Libyan Arab Jamahiriya	Spain	Methyl bromide	2007	Changes in the institutional arrangements at the NOU.
Libyan Arab Jamahiriya	UNIDO	CFCs Phase-out	2006	No A7 data has been reported.
Uruguay	Canada	CFCs Phase-out	2007	Late signature of the project document.
Uruguay	UNDP	CFCs Phase-out	2007	Late signature of the project document.

- (d) Urging Albania, Bangladesh, Congo DR, Islamic Republic of Iran, Kenya, and Libyan Arab Jamahiriya, for which compliance decisions have been taken and for which the related annual tranches were not submitted to the 53<sup>rd</sup> Meeting, to facilitate the submission of the required reports to the 54<sup>th</sup> Meeting.
- (e) Noting that letters should be sent for the following annual tranches that were submitted to the 53<sup>rd</sup> 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 54<sup>th</sup> Meeting:

Country	Agency	Sector	Tranches	Reason the Submission not Considered for Approval
Bangladesh	UNDP	ODS Phase-out	2005 and 2006	Verification report was not submitted.
Bangladesh	UNEP	ODS Phase-out	2005 and 2006	Verification report was not submitted.
Indonesia	World Bank	ODS Phase-out (Foam)	2007	Verification was inadequate.
Indonesia	UNDP	ODS Phase-out (Refrigeration Manufacturing)	2007	Verification was inadequate.
India	Germany	CFCs Phase-out (Refrigeration Servicing)	2008	Verification was inadequate.
India	Switzerland	CFCs Phase-out (Refrigeration Servicing)	2008	Verification was inadequate.
India	UNDP	CFCs Phase-out (Refrigeration Servicing)	2008	Verification was inadequate.
India	UNEP	CFCs Phase-out (Refrigeration Servicing)	2008	Verification was inadequate.
Nigeria	UNDP	CFC Phase-out	2005	Verification was inadequate.
Pakistan	UNIDO	CTC Phase-out	2005	Verification was inadequate.

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

Document [UNEP/OzL.Pro/ExCom/53/14](#) consists of progress reports on the implementation of: the accelerated phase-out of CFCs and halons in China, the national phase-out programme in Colombia, the national CFC phase-out plan in Mexico, and the sector plan for phasing out CFC-11 and CFC-12 production sector in Mexico.

Issue to be addressed: None.

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

- (a) Take note of the 2007 progress report on the accelerated phase-out plan, and encourages China to continue its efforts to closely monitor the import and export of ODS and the illegal trade and production of ODS, thus contributing to the compliance effort in the region and globally;
- (b) Take note of the progress report on the implementation of the national phase-out programme in Colombia;
- (c) Take note of the progress report on the implementation of the national phase-out programme in Mexico; and
- (d) Commends the Government of Mexico and UNIDO for the good effort in complying with decision 47/29 and implementing the audit to confirm the sustained cessation of CFC production at Quimobásicos in Mexico; and requests the Government of Mexico and UNIDO to continue monitoring the CFC production closure at Quimobásicos between 2008-2009.

## **7. Project proposals:**

### **(a) Overview of issues identified during project review**

Document UNEP/OzL.Pro/ExCom/53/15 consists of three sections. Section I provides the statistics on the submissions to the 53rd Meeting received from implementing and bilateral agencies, and an assessment of the fund balance available against the demand for funds based on the submissions; Section II contains two policy issues identified by the Secretariat from the review of the submissions at the meeting; and Section III presents a number of submissions received from the implementing agencies, which are proposed amendments to on-going projects.

Issues to be addressed:

- Requests for HCFC surveys submitted by UNDP, UNEP and UNIDO;
- Implementation of the guidelines for sustainability plans for halon banking;
- Definition of consumption under a performance based agreement;
- Metered dose inhalers project in the Islamic Republic of Iran: follow-up to decision 52/33; and
- Methyl bromide phase-out project in Kenya: request by the Government of Kenya to change an implementing agency.

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

- (a) The requests for HCFC surveys in the context of the discussion of the paper options on assessing and defining incremental costs for phasing out HCFC consumption and production (UNEP/OzL.Pro/ExCom/53/60);

- (b) Further clarification of the interpretation of decision 44/8(d), specifically (a) whether the hosting institution of the halon centre should be identified at the time of project submission; (b) whether a commitment of the government to support the centre is sufficient as guarantee for sustainability;
- (c) Possible guidance to the Governments of Germany and India on the definition of consumption under the agreement for the National CFC consumption Phase-out Plan for India and related matters;
- (d) For the Islamic Republic of Iran:
- (i) To note that the return of US \$232,750 plus agency support costs of US \$17,456 for UNIDO, representing 50 per cent of the deduction of US \$465,500 being applied to the project for the phase-out of CFCs used in the manufacture of MDIs in the Islamic Republic of Iran approved at the 52nd Meeting, is being addressed in the context of the report on balances and availability of resources document (UNEP/OzL.Pro/ExCom/53/4);
- (ii) To approve the following modifications to Appendix 2-A and Appendix 6-B of the national CFC phase-out plan of the Islamic Republic of Iran, reflecting the other 50 per cent of the deduction associated with the MDI conversion project:

Revised Appendix 2-A table

(US \$)	2003	2004	2005	2006	2007	2008	2009	2010	Total
<b>Lead Agency</b>									
GTZ annual funding	694,124	946,405	479,045	1,007,124	920,868	729,846	512,208		5,289,620
Support costs	76,354	104,105	52,695	110,784	101,295	80,283	56,343		581,859
Total GTZ	770,478	1,050,510	531,739	1,117,908	1,022,163	810,129	568,551		5,871,479
<b>Cooperating Agencies</b>									
France annual funding	1,006,620		500,000						1,506,620
Support costs	110,728		55,000						165,728
Total France	1,117,348		555,000						1,672,348
UNEP annual funding	140,253								140,253
Support costs	18,233								18,233
Total UNEP	158,486								158,486
UNIDO annual funding	361,840	2,104,066	742,449	66,224	36,179				3,310,757
Support costs	27,138	157,805	55,684	4,967	2,713				248,307
Total UNIDO	388,978	2,261,871	798,132	71,190	38,892				3,559,064
UNDP annual funding		770,000							770,000
Support costs		57,750							57,750
Total UNDP		827,750							827,750
<b>Overall</b>									
Total grant requested	2,202,837	3,820,471	1,721,493	1,073,348	957,047	729,846	512,208		11,017,250
Accumulated Support Costs	232,453	319,660	163,379	115,750	104,009	80,283	56,343		1,071,876
Total Costs	2,435,290	4,140,131	1,884,872	1,189,098	1,061,056	810,129	568,551		12,089,127

## Revised Appendix 6-B table

Subsector activity	ODP	CE	Subtotal	Total	Coordinating agency
Refrigeration manufacturing	56.0	13.75		770,000	UNDP
Refrigeration assembly	135.0	6.84		923,245	UNIDO
MAC	424.4	5.00		2,122,000	
Investment/ recovery and recycling			1,506,620		FRANCE
TA/Training program			615,380		GTZ
Servicing domestic/commercial units	475.0	5.00		2,347,672	UNIDO
Investment/ recovery and recycling					
Training/incentive component					
(Training of customs officer)					
Foam sector	608.4	6.57		3,997,188	GTZ
Solvent/Aerosol sectors	9.6	4.15		39,840	UNIDO
Subtotal	1,708.4			10,199,945	
Project Management and Policy Support				817,305	
Regulatory and policy support			140,253		UNEP
Management and monitoring Unit			677,052		GTZ
<b>Total</b>	<b>1,708.4</b>	<b>6.59</b>		<b>11,017,250</b>	

## Summary of Agency Shares

Agency	Sector	Funding
UNDP	Ref. Manufacturing	770,000
UNIDO	Ref. Servicing/ Assembly/Solvents	3,310,757
FRANCE	MAC R&R	1,506,620
UNEP	Regulations	140,253
GTZ	Foam, MAC Training, Management	5,289,620
		<b>11,017,250</b>

(iii) To further note that this revised Agreement supersedes the Agreement reached between the Government of the Islamic Republic of Iran and the Executive Committee at the 41st Meeting of the Executive Committee;

(e) For Kenya to:

- (i) Take note of the progress report on the implementation of the project on technology transfer leading to methyl bromide phase-out in soil fumigation in Kenya;
- (ii) Approve the request by the Government of Kenya to change UNDP for UNIDO as the implementing agency responsible for the completion of the phase-out of methyl bromide in the cut-flower sector;
- (iii) Approve the agreed revised conditions for phase-out of methyl bromide in Kenya as contained in Appendix I of the document 53/15; and

(f) Approving the list of projects and activities recommended for blanket approval (Annex I to the above document).

**(b) Bilateral cooperation**

Document UNEP/OzL.Pro/ExCom/53/16 contains two projects and activities submitted for approval by the Governments of France and Japan as bilateral cooperation: the former related to the African customs enforcement networks for preventing illegal trade of ODS; and the latter a request for the second tranche of the terminal phase-out management plan for Mongolia that is addressed under Agenda Item 7 (d), investment projects.

Issues to be addressed: None.

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

- (a) Approve the project for the African customs enforcement networks for preventing illegal trade of ODS in the African sub-regional trade organizations for one year only, at the funding level of US \$75,000 plus agency support costs of US \$9,750 for France on the basis that:
  - (i) This is without prejudice to future funding approvals for the remaining year proposed for this project;
  - (ii) That disbursement shall take place only when UNEP provides the Secretariat with letters from the 38 countries endorsing their interest and the commitment of their customs representatives to this network;
  - (iii) In requesting funding for the second year, UNEP and the Government of France shall prepare a joint report on the outputs of the network's first year of operation;
- (b) To request the Treasurer to offset the costs of the bilateral projects approved at the 53rd Meeting as follows [*funds indicated below could change following actual approvals at the Meeting*]:
  - (i) US \$84,750 against the balance of France's bilateral contribution for 2007; and
  - (ii) US \$62,150 against the balance of Japan's bilateral contribution for 2007.

**(c) Amendments to work programmes for 2007:**

**(i) UNDP**

Document UNEP/OzL.Pro/ExCom/53/17 contains 22 activities submitted by UNDP, comprising of two proposals for preparation of TPMPs in LVC countries, eight requests for renewal of institutional strengthening projects and twelve requests for technical assistance for HCFC surveys. All the proposals except for the requests for project preparation for the MDI sector in Colombia and for assistance for HCFC surveys were recommended for blanket approval, and have therefore been considered under Agenda Item 7 (a).

Issues to be addressed:

- Request for project preparation for MDI investment project in Colombia and supporting data as required under decision 51/34(c), where the Executive Committee decided it will consider these requests on a case by case basis; and
- Request for funding for the preparation of surveys on HCFC consumption for 12 countries following decision XIX/6 of the 19<sup>th</sup> Meeting of the Parties. UNDP was advised that these proposals are not eligible under current guidelines of the Executive Committee.

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

- (a) Approval of the request for project preparation for Colombia at the funding level of US \$30,000. The Committee may also wish to confirm whether the information provided is consistent with the requirements of decision 51/34. In approving this project UNDP is requested to note that, in developing the investment project, the final document must include elements of a transition strategy to assist the MDI sector and to support the full implementation of the investment project, pursuant to decision 51/34. It should also be noted that no further funds for a separate transition strategy for this sector will be available; and
  - (b) The requests for HCFC surveys in the 12 countries mentioned in document UNEP/OzL.Pro/ExCom/53/17 in the light of decision XIX/6 of the 19<sup>th</sup> Meeting of the Parties to the Montreal Protocol
- (ii) UNEP**

Document UNEP/OzL.Pro/ExCom/53/18 contains 58 activities submitted by UNEP, including; 32 requests for renewal of institutional strengthening projects; two proposals for preparation of TPMPs in LVC countries, one request for a new institutional strengthening project and for technical assistance for capacity building to phase out ODS use in Saudi Arabia, 18 proposals for TPMP tranches, three proposals for technical assistance, and the global CAP budget. Thirty-three of these activities were recommended for blanket approval and were considered under Agenda Item 7(a). Nineteen activities associated with phase-out plans are discussed in the relevant country project document. Five other projects are considered for individual consideration. The global CAP budget is considered in Agenda item (d) below.



Issues to be addressed:

- Renewal of the IS project for Guatemala and Tonga: Both countries have not, as of writing this document, submitted their 2006 report on country programme implementation, a prerequisite for IS projects to be recommended for blanket approval, and in line with decision 52/5(f). In the case of Tonga, the country still does not have ODS legislation and is in non-compliance with Article 4B of the Montreal Protocol;
- Intelligence-led enforcement support for the ECA network: Some costs may be associated with the CAP budget and other already funded projects such as NPPs or TPMPs therefore funds are recommended at a lower amount, with funding for one year only;
- Regional Customs Enforcement network for Africa: Submitted partly as a bilateral project with France, with UNEP as lead agency. This project should be considered for one year only; and
- Translation and outreach of policy and technical documents into Russian: Proposal not recommended for funding as it is considered to be an activity which is part of the global CAP budget.

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

- (a) In the case of Guatemala and Tonga, consider
  - (i) Approving funding the institutional strengthening project for Phase VI of Guatemala at the level of US \$124,800 for two years. If approved, the Executive Committee may wish to express to the Government of Guatemala the comments which appear in Annex II to document UNEP/OzL.Pro/ExCom/53/18;
  - (ii) Approving funding year 2 Phase II of the institutional strengthening project for Tonga at the level of US \$6,566 for one year. If approved, the Executive Committee may wish to express to the Government of Tonga the comments which appear in Annex II to document UNEP/OzL.Pro/ExCom/53/18;
- (b) In the case of the proposal for an intelligence-led enforcement support for the ECA network, consider:
  - (i) Approving funding for this project in the amount of US\$ 90,000 plus support costs as indicated in Table 1 above on the condition that:

- a) UNEP submits a revised proposal for the project with the reduced costs;
  - b) No funding will be disbursed to countries until they ratify the Montreal Amendment;
  - c) *In considering future TPMP submissions for Armenia and Turkmenistan, costs associated with policy and legislation may no longer be funded;*
- (c) In the case of the regional enforcement network for Africa, consider approval of this project for one year only for UNEP at the level of funding of US \$160,000 plus support cost on the basis that:
- (i) this is without prejudice to future funding approvals for the remaining year proposed for this project;
  - (ii) that disbursement shall take place only when UNEP provides the Secretariat with letters from the 38 countries signifying theirs and the Customs representatives interest and commitment to this network;
  - (iii) In requesting funding for the second year, UNEP and the Government of France shall prepare a joint report on the outputs of the network's first year of operation; and
- (d) In the case of the project to translate and outreach existing Montreal Protocol policy and technical documents into Russian, the Secretariat is unable to recommend this project for funding. The Executive Committee may wish to request UNEP to implement these activities within their existing CAP budget pursuant to decision 47/24 by reprioritizing activities and funding.

**(iii) UNIDO**

Document [UNEP/OzL.Pro/ExCom/53/19](#) contains two activities submitted for funding by UNIDO including one request for project preparation for MB phase-out in Turkmenistan, and a technical assistance project for an HCFC survey in Egypt. Both activities are recommended for individual consideration.

Issues to be addressed:

- Request for project preparation for Turkmenistan, follows decision 46/12 where the Committee decided to provide assistance to the country for institutional strengthening only. Turkmenistan, at the 19<sup>th</sup> Meeting of the Parties, received approval for a change of baseline for methyl bromide from zero to 14.3 ODP tonnes, and may be in potential non-compliance. The country has not yet ratified the Copenhagen Amendment; and

- Request for funding for the preparation of survey on HCFC consumption for Egypt in line with decision XIX/6 of the 19<sup>th</sup> Meeting of the Parties. UNIDO was advised that this proposal is not eligible under current guidelines of the Executive Committee.

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

- (a) Approving project preparation funds at the funding level of US \$20,000 for Turkmenistan on the understanding that funding will not be disbursed until Turkmenistan has submitted the instruments for ratification of the Copenhagen Amendment; and
  - (b) The requests for the preparation of an HCFC survey for Egypt in the light of decision XIX/6 of the 19<sup>th</sup> Meeting of the Parties to the Montreal Protocol.
- (d) Compliance Assistance Programme (CAP) budget and work programme for UNEP for the year 2008**

Document UNEP/OzL.Pro/ExCom/53/20 contains UNEP's global CAP budget for 2008.

Issue to be addressed:

- UNEP submitted the global CAP budget for 2008 at the amount of US \$8,498,384 plus agency support costs of 8 per cent amounting to US \$679,871. This constitutes a 6.2 per cent increase from its budget in 2007, and is not in line with decision 47/24. UNEP has provided information on reasons for the increase, stating that these were mostly caused by inflation. 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. The Secretariat is unable to recommend this project at the current level of funding requested.

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

- (a) To approve the CAP budget at a level consistent with decision 47/24 on the condition that UNEP submits to the Secretariat a revised budget in the amount of US \$8,243,090 plus agency support costs of 8 per cent amounting to US \$659,447, representing a 3 per cent increase from the previous year;
- (b) To request UNEP, in future submissions for the CAP budget to:
  - (i) continue to provide detailed information on the activities for which the global funds will be used;

- (ii) continue to extend the prioritisation of funding between CAP budget lines so as to accommodate changing priorities; and provide details on the reallocations made for its budget following decisions 47/24 and 50/26; and
- (c) To request UNEP to report on current post levels of staff and to inform the Executive Committee of any changes therein particularly as it relates to increased budget allocations.

**(e) 2008 core unit costs for UNDP, UNIDO and the World Bank**

Document UNEP/OzL.Pro/ExCom/53/21 presents a status report on the administrative costs required for the 2009-2011 triennium. The implementing agencies have been requested to provide actual core and administrative budget data for 2006, estimated costs for 2007, and projected costs for 2008.

Issues to be addressed:

- Status of Administrative Cost study.

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

- (a) Noting the report on 2008 core unit costs for UNDP, UNIDO and the World Bank as presented in UNEP/OzL.Pro/ExCom/53/21; and
- (b) Approving US \$1,803,530 for core unit funding for 2008 for UNDP, US \$1,803,530 for UNIDO, and US \$1,614,900 for the World Bank in accordance with decision 46/35.

**(f) Investment projects**

Document UNEP/OzL.Pro/ExCom/53/15: contains in Annex II a list of 14 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).

Issues to be addressed: In Table 1 below, each of the 14 projects should be considered for approval individually. Project descriptions and the comments of the Secretariat can be found in the relevant country project document referred to in the table (*if required, the Secretariat will outline the issue or issues involved*).

Table 1: List of projects for individual consideration

Country	Project	Agency	Issue
<b>Aerosol sector</b>			
China	Sector plan for the phase-out of CFC consumption in MDI sector	UNIDO	Disagreement on cost but project needed to complete CFC phase-out
Mexico	Phase-out of CFC consumption in the manufacture of aerosol MDIs	UNIDO	No CFC eligible consumption quota reserved for MDI
<b>CFC phase-out plans</b>			
Cuba	National ODS phase-out plan for CFCs: 2006 and 2007 annual implementation plan	UNDP	Correction to an error in the Agreement
Djibouti	Terminal phase-out management plan for CFCs (first tranche)	UNEP, UNDP	Cost and other issues under discussion
Maldives	Terminal phase-out management plan (first tranche)	UNEP, UNDP	Cost and other issues under discussion
Saudi Arabia	Capacity building and technical assistance	UNEP, UNIDO	Possibility of non-compliance in 2007
Togo	Terminal phase-out management plan for CFCs (first tranche)	UNEP, UNDP	Cost and other issues under discussion
Zambia	Terminal phase-out management plan for CFCs (first tranche)	UNEP, UNDP	Cost and other issues under discussion
<b>Process agent</b>			
Brazil	Phase-out of CTC as process agent in two applications at Braskem	UNDP	Cost and other issues under discussion
China	Phase-out the production of CTC for process agent and other non-identified uses (phase I): 2008 annual programme		Delayed disbursement until 54 <sup>th</sup> Meeting when verification is ready
China	Phase-out the production and consumption of CTC for process agent and other non-identified uses (phase II)		Delayed disbursement until 55 <sup>th</sup> Meeting when verification is ready. China's request to amend the ceiling from 14,300 ODP tonnes to 6,600 ODP tonnes
<b>Production sector</b>			
Argentina	Accelerated phase-out plan for CFC production	IBRD	Acceleration under intersessional approval
China	Sector plan for CFC production phase-out: 2008 annual programme	IBRD	2008 tranche to be released at 54 <sup>th</sup> Meeting
Romania	Sector plan for production sector (fourth tranche)	UNIDO	Advance for 2008 tranche questionable for not completing 2007 work plan

Action expected from the Executive Committee: the Committee may wish to consider whether to approve each of the 14 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

Documents UNEP/OzL.Pro/ExCom/53/58 and UNEP/OzL.Pro/ExCom/53/59 contain, respectively, the country programme of Montenegro and the country programme of Saudi Arabia.

Issues to be addressed: None.

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

- (a) Approve the country programmes of Montenegro and Saudi Arabia noting that the approvals do not denote approval of the projects identified therein or their funding levels and without prejudice to any actions that might be taken by the Ozone Secretariat in regard to 2006 consumption data submitted under Article 7 by the Government of Montenegro and without prejudice to any decisions that might be taken by the Parties following consideration by the Implementation Committee of future consumption data submitted under Article 7 by the Government of Saudi Arabia and also its request for a change of baseline for methyl bromide; and
- (b) Request the Governments of Montenegro and Saudi Arabia to report to the Executive Committee on the progress made in implementation of the country programme annually, noting that the first report should be submitted to the Secretariat no later than 1 May 2008.

## 9. Options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities (follow-up to decision 52/4)

Document UNEP/OzL.Pro/ExCom/53/60 has been prepared in response to decision 52/4, under which the Committee requested the Secretariat to prepare a document on options for assessing and defining incremental costs for HCFC consumption and production phase-out activities. This is the first effort of the Committee to approach this subject. The Secretariat understands the mandate from the Executive Committee to be to undertake an initial analysis of the subject to identify and define the issues that will have a bearing on the incremental costs of phasing out HCFC consumption and production.

Issues to be addressed:

- The acceptability of the policy recommendations; and
- The feasibility of the recommendations for further actions.

Action expected from the Executive Committee: The recommendations from the paper fall into two groups, policy recommendations and recommendation for further action, as summarized below:

Policy recommendations:On legal pre-requisites for accessing funding

\*The Copenhagen Amendment: Ratification of or accession to the Copenhagen Amendment is the prerequisite for an Article 5 Party to access Multilateral Fund funding for phasing out the consumption of HCFCs.

\*The Beijing Amendment: Ratification of or accession to the Beijing Amendment is the prerequisite for an Article 5 Party to access Multilateral Fund funding for phasing out the production of HCFCs.

In the case of a non-signatory country, the Multilateral Fund may consider providing funding for conducting an HCFC survey and the preparation of an accelerated HCFC phase-out management plan, with the commitment of the Government to ratify the necessary Amendment within the next 12 months. No further funding would be available until the commitment has been fulfilled.

On applicability of the existing Multilateral Fund policies and guidelines

The existing policies and guidelines of the Multilateral Fund in funding the phase-out of ODS other than HCFCs will be applicable to the funding of HCFC phase-out unless specifically stated otherwise.

On LVCs and SMEs

The current classifications of LVCs and SMEs should be maintained until the cost-effectiveness thresholds of HCFC phase-out are developed and the potential impact of those thresholds on LVCs and SMEs becomes better known. It would then be possible to review these classifications, and current policies and funding arrangement targeting these countries and enterprises.

Recommendations for further action:On accelerated HCFC phase-out management plans and HCFC surveys

The Secretariat should work with the implementing agencies to examine the existing guidelines for country programme and sector plans (decision taken at the 3<sup>rd</sup> Meeting of the Executive Committee and 38/65) and propose draft guidelines to the 54<sup>th</sup> Meeting for the preparation of HCFC phase-out management plans taking into account the possibility of:

- (a) Incorporating the HCFC surveys into the process of preparing HCFC phase-out management plans;
- (b) Establishing a national HCFC consumption/production ceiling prior to the establishment of the baseline; and

- (c) Setting a timeframe and modality of implementation of the HCFC national phase-out management plans, including the possibility of implementation phases, the use of individual projects and sector plans and methodology for accounting of HCFC phase-out on a national aggregate level, taking into account national circumstances.

*On funding priority and cost-effectiveness thresholds*

*On cut-Off Date for Funding Eligibility*

The Secretariat should convene an expert group with specialization in foam, refrigeration and other related fields to examine ways to develop new cost-effectiveness thresholds for funding HCFC phase-out on the basis of the existing ones. This should include the development of concepts and operational proposal for the issues listed in paragraph 23 above.

The expert group should also consider options, including the three options discussed in paragraph 34 for a new cut-off date for funding eligibility.

The Secretariat should report progress on the deliberations of the expert group to the 54<sup>th</sup> Meeting.

*On second-stage conversions*

The implementing agencies and the national ozone units concerned should include, in the process of developing HCFC phase-out management plans, a survey of the enterprises that converted to HCFCs with the assistance of the Fund, indicating in particular the year of conversion, the current technology used and capacity, the technology and capacity at the time of conversion if the current technology is different, the level of HCFC consumption for the last three years, and the replacement technology and planned time of next conversion.

The Secretariat should consolidate the results from the national surveys and report to the Executive Committee by the second meeting in 2009 to facilitate the re-examination of the issue of second-stage conversions.

*On funding of HCFC production phase-out*

The Secretariat should convene an expert group on HCFC production to examine and report progress to the 54<sup>th</sup> Meeting on the following issues in respect of funding of HCFC production phase-out.

- (a) The continued applicability of the current approach to funding HCFC production phase-out being based on the assumption of plant closures;
- (b) The timing of funding HCFC production in view of the long duration between the HCFC freeze in 2013 and the final phase-out in 2030;



- (c) The eligibility of the CFC/HCFC-22 swing plants in view of the commitment in the CFC production phase-out agreement not to seek funding again from the Multilateral Fund for closing down HCFC facilities that use the existing CFC infrastructure;
- (d) The need to account for the impact of the funding of HFC-23 destruction on the production of HCFC-22 and the dual uses of HCFC-22 for emissive use and as a feedstock; and
- (e) The cut-off date for funding eligibility of HCFC production phase- out.

Request of the Fund Secretariat

The Executive Committee may wish to consider approving US \$150,000 in the budget of the Secretariat for 2008 to cover the cost of convening the expert group meetings.

**10. Paper on concerns relating to the slow rate of project completion and options to address the issue (follow-up to decision 52/8 (c))**

Document UNEP/OzL.Pro/ExCom/53/62 presents reasons why projects have not been completed as per the planned completion dates in their progress reports. It presents an option that might be implemented to improve the accurate measurement of completion delays with a view to avoiding them in the future.

Issues to be addressed:

- Reasons for the slow rate of completion in 2006; and
- Proposal for the submission of revised planned completion dates to the last meeting of the year to address the issue of over-optimistic forecasting.

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

- (a) Noting the Paper on concerns relating to the slow rate of project completion and options to address the issue (follow-up to decision 52/8 (c)) as contained in UNEP/OzL.Pro/ExCom/53/62; and
- (b) Requesting bilateral and implementing agencies to provide planned completion dates on ongoing projects to the last meeting of the year.

**11. Paper on options for possible funding arrangements and levels for institutional strengthening support beyond 2010, and on opportunities to fine-tune the institutional strengthening renewal process (follow-up to decisions 47/49 and 49/32)**

Pending.

**12. Report on the operation of the Executive Committee (follow-up to decision 50/41)**

Document UNEP/OzL.Pro/ExCom/53/63 is submitted as a follow-up to decision 50/41, through which the Committee decided to revisit the issue of the number of Executive Committee meetings at its 53rd Meeting in light of the guidance given by the 19<sup>th</sup> Meeting of the Parties on the flexibility to modify the number of times it should meet.

Issues to be addressed:

- The feasibility of reducing the number of meetings of the Executive Committee judging from the projected workload; and
- The timeframe of implementation and conditions that have to met.

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

- (a) To note the report from the Fund Secretariat contained in document UNEP/OzL.Pro/ExCom/53/63
- (b) Consider the analysis of the pros and cons of each of the two following options:

Table

	<b>Pros</b>	<b>Cons</b>	<b>Action required</b>
<b>Option One</b>	<ul style="list-style-type: none"> <li>• Avoid the inconvenience of changes, including rearranging the agenda from three to two meetings.</li> <li>• Continue with the established systems for project review and monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>• No relief in the number of Montreal Protocol-related meetings per year.</li> <li>• Reduced opportunity to optimise efficiency of operation.</li> </ul>	<ul style="list-style-type: none"> <li>• None.</li> </ul>
<b>Option Two</b>	<ul style="list-style-type: none"> <li>• Ability to carry out existing business programmes efficiently.</li> <li>• Provide the possibility for a specialised meeting on a need basis to address, for example the HCFC funding guidelines or any other issues from intersessional approvals and other matters.</li> <li>• The specialised meeting (second meeting of the year) would require a shorter agenda, a shorter duration and less documentation.</li> </ul>	<ul style="list-style-type: none"> <li>• One less meeting to address monitoring and financial matters.</li> <li>• Inconvenience of redesigning the agenda for two meetings from three meetings.</li> <li>• The need to split annual progress into a biannual one.</li> </ul>	<ul style="list-style-type: none"> <li>• Redesign the agendas for the two regular meetings with the progress reports being considered at both meetings, operational activities being reported at the first meeting and the financial data being reported at the second meeting. (Illustrative agenda attached as Annex II).</li> <li>• Apply the existing intersessional approval procedure or develop a new one with defined delegated authority to the Chief Officer.</li> </ul>

### 13. Accounts of the Multilateral Fund:

#### (a) Final 2006 accounts

Document [UNEP/OzL.Pro/ExCom/53/65](#) contains the final 2006 accounts of the agencies as submitted to the Treasurer in September 2007. Annex 1 of this document is a reproduction of the schedules 1.1- 1.7 submitted to the 52<sup>nd</sup> meeting and presents the final 2006 accounts of the Multilateral Fund reviewed and certified by the auditors.

#### Issues to be addressed:

- In their draft report the auditors recommend that the attention of the Meeting of the Parties to the Multilateral Fund should once again be drawn to the necessity to declare as bad debts the longest-standing and large debit balances. It is to be noted that this was raised at the 50<sup>th</sup> meeting of the Executive Committee and subsequently drawn to the attention of the Meeting of the Parties as per decision 50/43(b).

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

- (a) Note the audited financial statement of the Multilateral Fund as at 31 December 2006;
- (b) Note the Auditors' request that the attention of the Meeting of Parties to the Fund should once again be drawn to the necessity to declare as bad debts the longest-standing and large debit balances;
- (c) Request the Treasurer that the auditor's observation and recommendation be closed considering the fact that the Executive Committee in its report to the 19<sup>th</sup> Meeting of the Parties drew the Parties' attention to the matter; and
- (d) Request the Treasurer to record in the 2007 accounts differences between the agencies provisional and their final 2006 accounts as reflected in tables 1 and 2 of document [UNEP/OzL.Pro/ExCom/53/64](#).

#### (b) Reconciliation of the 2006 accounts

Document [UNEP/OzL.Pro/ExCom/53/65](#) contains four sections: Section I: Background; Section II: Reconciliation of the Income as recorded in the 2006 Accounts with the Implementing Agencies' Progress Report Financial Data and the Fund Secretariat's Inventory of Approved Projects; Section III: Expenditures Reported in the Accounts and in the Progress Report; and Section IV: Recommendations.

Issues to be addressed:

- UNDP is the only agency reporting its PSC as expenditures in its progress reports, and as not yet spent in its financial statements. Additional clarification is required from the other agencies on their expenditure reports against PSC earned on approved projects; and
- Based on the preliminary findings, it is recommended that agencies advise both the Treasurer in the financial statement and the Secretariat in the progress report on the methodology used for reporting on expenditures against the PSC earned with a view to adopting a consistent approach and detecting any discrepancies.

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

- (a) Note the reconciliation of 2006 accounts as presented in UNEP/OzL.Pro/ExCom/53/65;
- (b) Request UNEP to review the Inventory figures versus progress reports and make corrections according to the approvals recorded in the reports of the Executive Committee;
- (c) Request UNEP to present to the next meeting of the Executive Committee a report on its findings on the reconciling amount of US \$105,494 and the action(s) it proposes to take to reconcile the data in its progress report with that in its final financial statement;
- (d) Note UNDP, UNIDO and the World Bank's explanations on the expenditures of the PSCs earned in respect of approved projects, and request UNEP to do so at the next meeting to allow for a better understanding on expenditures incurred against the PSC earned by the agency;
- (e) Request the Treasurer to report to the next meeting on the methodology used by the agencies when reporting on expenditures incurred against the PSCs earned on approved projects;
- (f) Request the World Bank to provide an explanation on the US\$303 excess income in order to offset this amount against future transfers, if required; and
- (g) Request the Treasurer and the agencies to make the adjustment required in the 2007 accounts as a result of the 2006 reconciliation exercise.

**14. Revised 2008, 2009 and proposed 2010 budgets of the Fund Secretariat**

**15. Other matters**

**16. Adoption of the report**

**17. Closure of the meeting**