



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

**Post Meeting Summary of Decisions of the 53rd Meeting of the Executive Committee of
the Multilateral Fund for the Implementation of the Montreal Protocol**

Introduction

The 53rd Meeting of the Executive Committee, which took place in Montreal from 26 to 30 November 2007, was attended by the representatives of the 14 Executive Committee member Parties and by participants co-opted from twenty other countries (see attached list). Mr. Philippe Chemouny of Canada presided over his final meeting as Chair of the Executive Committee for 2007. The Vice-President of the Implementation Committee of the Montreal Protocol, the Deputy Executive Secretary of the Ozone Secretariat, representatives of the implementing agencies, the Co-Chair of the Technical and Economic Assessment Panel (TEAP), a representative of the Government of Romania and a representative of the Alliance for Responsible Atmospheric Policy, also attended the meeting.

The Fifty-third meeting presented the first opportunity for the Executive Committee to consider important issues arising from the Nineteenth Meeting of the Parties to the Montreal Protocol that took place in September 2007 and the work that this would entail, including the major challenge of developing policies and guidelines to ensure that Article 5 countries could meet the accelerated HCFC phase-out schedule agreed at that meeting. In addition since this was the third meeting of the year, the Committee followed the customary programme of work and considered the status of compliance of Article 5 countries and the model rolling three-year business plan which would guide the preparation of the agencies' business plans for the 54th Meeting in 2008; the monitoring and evaluation programme for 2008; and, reviewed the 2007 consolidated project completion report. Other important issues addressed included possible funding arrangements for institutional strengthening support after 2010 and a paper on the operation of the Executive Committee in respect of the number of annual meetings.

At its 53rd Meeting, the Executive Committee approved investment projects and work programme activities with a value of almost US \$45.2 million, including support costs, and took a total of 44 decisions. The most significant decisions and discussions are outlined below.

Status of resources and planning (decision 53/1 and 53/2)

The Executive Committee reviewed information on the Fund's balance, income and contributions, the encashment schedule for the existing promissory notes, and aggregate information on the status for the triennium, including data on gains and losses of the fixed-

exchange rate mechanism (FERM) and addressed issues relating to the timely payment of contributions by Parties and the liquidity of resources. The amount of US \$102,182,323 was available for approval at the 53rd Meeting.

2007 Business plans (decision 53/3)

The Executive Committee examined the status of implementation of the 2007 business plans, taking into account current submissions and recent approvals, in order to ensure that projects and activities in the plan were on target. The level of annual tranches for new agreements submitted to the 53rd Meeting for approval amounted to US \$7,754,553 and, as a result, the total level of existing commitments for the period 2009 to 2014 would amount to US \$95.14 million

The Executive Committee decided it would consider the approval of the production closure project for Romania at its 53rd Meeting. Although it had not been included in the 2007 business plan, the project had been included in the 2008 business plan and its approval in 2007 would have no implications for the overall budget for the 2006-2008 triennium (see Project approvals). The implementing agencies had also submitted proposals for activities “not required for compliance” amounting to US \$1,276,990, which comprised mainly HCFC surveys submitted by UNDP and UNIDO. Following a discussion in the context of the work programme amendments of UNDP and UNIDO, the Executive Committee subsequently decided not to consider these surveys (see decisions 53/18 and 53/20).

The Executive Committee also requested the Fund Secretariat to include information on annual tranche submission delays in the document regarding the implementation of business plans at the second and third meetings of each year since there was some overlap between the respective pre-session documents on these issues.

Status of resources and planning

Status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol (decision 53/4)

The Executive Committee considered a comprehensive report on the status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol which stated that all countries that might be at risk of non-compliance with impending control measures have received assistance from the Multilateral Fund with the exception of Equatorial Guinea and Somalia for which funds would be available when conditions permit.

The remaining ODS consumption in Article 5 countries to be addressed by projects and agreements approved by the Executive Committee amounted to 5,994 ODP tonnes, a reduction of 3,162 from the 9,156 ODP tonnes reported for 2006. These ODS consist mostly of CFCs and methyl bromide and exclude HCFCs. Regarding HCFCs, 24,016 ODP tonnes (359,804 metric tonnes) were consumed in 2006. HCFC consumption had increased by 31% while CFC consumption decreased by 20%.

The Executive Committee requested that in future the document on the status/prospects of

compliance be modified to include information on projects with implementation delays and an assessment of risks of non-compliance by providing a more comprehensive assessment covering licensing systems, the status of terminal phase-out plans/national phase-out plans (TPMP/NPPs), implementation delays and other institutional matters/market forces. The Secretariat would consult with Article 5 countries and implementing agencies and report back to the 57th Meeting of the Executive Committee on the usefulness and the level of effort associated with preparing a more detailed non-compliance risk assessment.

Model rolling three-year phase-out plan: 2008-2010 (decision 53/5)

The model rolling three-year phase-out plan estimated that the phase-out of 3,809.4 ODP tonnes of CFCs, methyl bromide, CTC and TCA in both the consumption and production sectors would need to be funded during the 2008-2010 period in order to achieve compliance with the Montreal Protocol phase-out targets. The report also stated that in total about 57,885.5 ODP tonnes of ODS consumption and 54,455.0 ODP tonnes of ODS production had still to be phased out during the remainder of 2007 and in the 2008-2010 period. Fifty-three TPMPs for low volume-consuming (LVC) countries, 42 NPPs for non-LVC countries, and 10 phase-out plans in the production sector in five non-LVC countries were currently under implementation and NPPs for two non-LVC countries and TPMPs for 31 LVC countries had yet to be submitted for consideration and approval by the Executive Committee.

The Executive Committee adopted the 2008-2010 model rolling three-year phase-out plan as a flexible guide for resource planning for the corresponding period. The Committee urged Article 5 countries with approved but not implemented projects, and the relevant agencies, to accelerate the pace of implementation during the 2008-2010 period. Agencies were also urged to work with countries identified as needing immediate assistance to achieve the 2007 and 2010 phase-out targets including appropriate activities in their 2006-2008 business plans.

Programme Implementation

Monitoring and Evaluation

Extended desk study on low-volume methyl bromide projects

The Executive Committee noted the information provided in the extended desk study on low-volume methyl bromide projects prepared as part of the 2007 monitoring and evaluation work programme. The report stated that the majority of countries had complied with the Montreal Protocol control measures consisting of the freeze from 2002 and the 20% reduction from 2005.

2007 consolidated project completion report (decision 53/6)

The 2007 Consolidated Project Completion Report provided an analysis of project completion reports (PCRs) received by the Fund Secretariat over the previous 12 months. It considered their quality and the timeliness of submission by the implementing agencies and included a section on lessons learned. The Executive Committee requested implementing and bilateral agencies, in cooperation with the Multilateral Fund Secretariat, to establish full consistency of

data reported in the PCRs, in the inventory, and in the annual progress reports, to provide the information still missing in a number of PCRs, and to clear the backlog of PCRs for projects completed before the end of 2005, all by the end of January 2008.

Monitoring and evaluation work programme for the year 2008 (decision 53/7)

The 2008 monitoring and evaluation work programme approved by the Committee would include the evaluation of management and monitoring of NPPs in non-LVC countries, evaluation of institutional strengthening projects (IS), work on the standardization of annual work programmes, progress and verification reports of multi-year agreements (MYAs) and on the development of country profiles, the evaluation of TPMPs and a desk study on chiller projects, focusing on incentive programmes.

Web based country profiles (decision 53/8)

The Executive Committee requested the Senior Monitoring and Evaluation Officer to initiate the development of web-based country profiles including information compiled for the compliance-risk assessments requested under decision 53/4 in the context of the document on the status/prospects of Article 5 countries in achieving compliance.

Project implementation delays (decision 53/9)

Of the 60 projects listed with implementation delays at the 53rd Meeting, the Executive Committee noted that eight had been completed. Three projects were cancelled, one each in Algeria, Lao People's Democratic Republic and Ethiopia, with the agreement of the relevant Governments.

Data on project implementation delays would in future be reported in the context of the Executive Committee document on the Status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol (see decision 53/4).

Annual tranche submission delays (decision 53/10)

The Executive Committee reviewed all annual tranches of MYAs due for submission to the 53rd Meeting noting that 14 of the 57 such tranches had not been submitted on time and 10 had been withdrawn because of low levels of disbursement of funds and/or slow implementation. Letters regarding tranches not submitted or tranches submitted to or not considered for approval at the 53rd Meeting would be sent to thirteen countries encouraging them to submit these to the 54th Meeting.

In future, information on tranche submission delays would be included in the document presenting the review of the implementation of business plans at the second and third Meetings of each year (see decision 53/3).

Report on implementation of approved projects with specific reporting requirements

(decision 53/11)

The Executive Committee considered progress reports on the implementation of approved projects with specific reporting requirements including 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 the CFC-11 and CFC-12 production sector in Mexico. The Committee took note of the reports submitted by these countries.

Project proposals

Project approvals (decisions 53/12 – 53/35)

The Executive Committee approved 106 projects and activities for 57 countries amounting to \$45.2 million with support costs. These included new TPMPs for 21 countries, several tranches of TPMPs, renewal of IS projects in 40 countries, one new institutional strengthening project to set up an ozone unit in Saudi Arabia, a metered-dose-inhaler (MDI) project in Mexico, tranches of ongoing sector plans in the halon and foam sectors in China and the implementation of the 2008 annual programme of the Romania ODS production sector. These projects would phase-out 4,617.2 ODP tonnes of production and consumption of ozone depleting substances. The Executive Committee also approved the disbursement of US \$2.3 million for closing down CFC production in Argentina by the end of 2007 that had been agreed in principle at the 52nd Meeting.

Amendments to work programme for 2007 (decisions 53/18 – 53/20)

The Executive Committee approved a requests for non-investment activities submitted by UNEP and UNIDO including the regional customs enforcement network in Africa, an IS project in Tonga and project preparation funds for Turkmenistan, but decided not to consider 13 requests for HCFC surveys submitted by UNDP and UNIDO. For more information about HCFC surveys see “Options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities”, decision 53/37.

UNEP Compliance Assistance Programme (decision 53/21)

The Executive Committee considered the Compliance Assistance Programme (CAP) budget and approved a revised CAP budget at a level of US \$8,243,090 plus support costs (US \$659,447). For future CAP budget submissions, UNEP was requested to continue to provide detailed information on the activities for which the global CAP funds would be used and to provide details on any reallocations made amongst CAP budget lines to accommodate changing priorities. The Executive Committee also requested UNEP to report on current staff posts and to inform the Executive Committee of any changes therein particularly as they related to increased budget allocations.

Country programmes (decision 53/36)

The Executive Committee approved the country programmes of Montenegro and Saudi Arabia.

Options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities (decision 53/37)

The Executive Committee discussed a paper prepared by the Secretariat on options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities as a follow-up to decision 52/4 and in light of decisions of the 19th Meeting of the Parties. Particular account was taken of decision XIX/6 on the adjustments to the Montreal Protocol control schedule on HCFCs and XIX/10 on the terms of reference for the study on the 2009-2011 replenishment of the Multilateral Fund.

After lengthy consideration the Executive Committee made a decision on a number of matters aimed at working toward resolution of issues on policies and guidelines in order to address the HCFC accelerated phase-out. These included: the legal prerequisite for assessing Multilateral Fund funding for HCFC phase-out; how existing MLF policies and guidelines apply using existing capacity and infrastructure for HCFC phase-out; the development of guidelines for the preparation of HCFC phase-out management plans incorporating HCFC surveys; the Sub-group on the Production Sector; the cut-off date for funding eligibility; low-volume consuming countries; and small and medium sized enterprises (SMEs).

The Executive Committee decided that, in order to receive Multilateral Fund assistance for phasing out the consumption of HCFCs, Article 5 countries must have ratified or acceded to the Copenhagen Amendment of the Montreal Protocol. Those Article 5 countries with production facilities must have ratified or acceded to the Beijing Amendment of the Montreal Protocol. The Committee did however recognize the delays that some Article 5 countries might face in the ratification or accession processes and decided to consider providing funding to countries that have not ratified or acceded to the Copenhagen and/or Beijing Amendments on a limited basis. Such countries could receive funding for an HCFC survey and preparation of an accelerated HCFC phase-out management plan as long as governments committed to ratify or accede to the relevant Amendment. No further funding for implementation of activities would be provided until confirmation of ratification or accession had been received.

The Secretariat was requested to prepare, for the Committee's consideration at its 54th Meeting, draft guidelines for the preparation of national HCFC phase-out management plans/HCFC surveys and a preliminary discussion document on all cost considerations surrounding the financing of HCFC phase-out. The Executive Committee made plans to reconvene the production sector sub-group at the Committee's 55th Meeting to consider issues pertaining to the phase-out of HCFC production.

Concerns relating to the slow rate of project completion (decision 53/38)

The Executive Committee examined issues raised in the context of the annual progress reports

related to project completion dates. It considered the reasons for delays, such as possibly over-optimistic forecasts by agencies with respect to their completion dates since these were forecast over seven months in advance. The Executive Committee requested bilateral and implementing agencies to provide planned completion dates for ongoing projects at the last meeting of the Executive Committee each year in order to forecast project completion dates more accurately.

Possible funding arrangements and levels for institutional strengthening (IS) support beyond 2010 (decision 53/39)

As requested through decisions 47/49 and 49/32, the Executive Committee considered existing funding arrangements for IS projects examining the activities of the national ozone units (NOUs) prior and up to 2010 to meet CFC phase-out, and the projected activities of the NOUs beyond 2010 to meet control measures for other substances as well as the accelerated HCFC phase-out agreed under decision XIX/6 of the Nineteenth Meeting of the Parties. The Committee noted that the anticipated actions required by Article 5 countries to meet compliance obligations after 2010 provided an indication that funding support for IS would likely be needed after 2010. In light of this the Fund Secretariat was asked to review possible funding arrangements and levels for capacity building, to explore the extent, nature and eligibility of any additional measures that might be considered for funding by the Executive Committee to address activities for HCFC phase-out, consistent with guidelines pertaining to IS activities to be agreed by the Executive Committee and to report to the Executive Committee by the first meeting of 2009.

Report on the operation of the Executive Committee (decision 53/40)

At its 50th Meeting the Executive Committee had decided to continue to meet three times a year (decision 50/41). However in anticipation of a future change the Committee had decided to revisit the issue at its 53rd Meeting. In September 2007, the 19th Meeting of the Parties had decided to amend the terms of reference of the Executive Committee to allow it to have the flexibility to hold two or three meetings annually and asked the Executive Committee to consider meeting, when appropriate, in conjunction with other Montreal Protocol meetings (Decision XIX/11). The Committee considered whether to maintain the status quo or move to two meeting per year but deferred consideration of the issue until the 54th Meeting of the Executive Committee.

Final 2006 accounts of the Multilateral Fund (decision 53/41)

The Executive Committee noted the audited financial statement of the Multilateral Fund as at 31 December 2006 and the auditors' request that the attention of the Meeting of Parties should once again be drawn to the necessity to declare as bad debts the longest standing and largest debit balances. The Committee requested the Treasurer to advise the auditors to treat as closed their observations and recommendation on long-outstanding debts, considering the fact that it had already drawn the Parties' attention to the matter at their 19th Meeting.

Reconciliation of the 2006 accounts (decision 53/42)

In order to address any differences between the funds approved and the income reported by implementing agencies in the Accounts of the Fund, the Executive Committee considered and noted a full reconciliation of the Accounts of the Fund. In view of a discrepancy of US \$105,494 recorded in UNEP's financial statement but not in its progress report, the Committee requested UNEP to review the data in the Inventory of Approved Projects versus progress reports and to make corrections according to the approvals recorded in the reports of the Executive Committee. The Executive Committee would consider UNEP's findings and proposed actions to reconcile the data in its progress report with that in its final financial statement at its 54th Meeting.

Revised budget of the Fund Secretariat (decision 53/43)

The Executive Committee approved the revised 2008 budget of the Fund Secretariat and the proposed 2010 salary component, while noting a request from the Secretariat regarding flexibility to revert to the Executive Committee during 2008 with a revised staffing structure.

2008 Meetings of the Executive Committee (decision 53/44)

The 54th Meeting of the Executive Committee would be held in Montreal from 7 to 11 April 2008. Provisional dates were also agreed for the second and third meetings of 2008. The 55th Meeting would be held in Bangkok, Thailand from 14 to 18 July 2008, on the understanding that the meeting of the Open-ended Working Group of the Parties to the Montreal Protocol would be held in Bangkok during the preceding week (7-11 July 2008), and the 56th Meeting would be held in Doha, Qatar from 8 to 12 November 2008, on the understanding that efforts would be made to minimize any overlaps with the meeting of the Implementation Committee for the Montreal Protocol.

Report of the 53rd Meeting

A complete record of all decisions made at the 53rd Meeting, including those covered in this document, can be found in the 'Report of the Fifty-third Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/53/67) on the Multilateral Fund's website (www.multilateralfund.org).

Annex I - Attendance at the 53rd Meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Belgium	
Canada (Chair)	Australia
Czech Republic	
Italy	France and Germany
Japan	
Sweden	Finland
United States of America	
Article 5	
China	Bangladesh, India and Malaysia, Thailand
Guinea (Vice Chair)	Gabon and Morocco
Jordan	Indonesia and Yemen
Mexico	Cuba and Dominican Republic
Saint Lucia	Grenada and Trinidad & Tobago
Sudan	Namibia
Uruguay	Argentina, Bolivia and Brazil