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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fourth Meeting
Montreal, 7-11 April 2008

**REPORT ON THE OPERATION OF THE EXECUTIVE COMMITTEE
(DECISION 53/40)**

Through this document, the Secretariat is resubmitting the Report on Operation of the Executive Committee (UNEP/OzL.Pro/ExCom/53/63). This is to facilitate the continued discussion of the issue of the number of meetings that the Executive Committee should hold every year, an issue that the Committee took up at the 53rd Meeting and decided to defer to the 54th Meeting. The re-issuance is to benefit in particular new members that joined the Committee in 2008.

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.

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INTRODUCTION

1. This update is submitted by the Secretariat as a follow-up to the decision of the Executive Committee (decision 50/41) to “revisit the issue of the number of Executive Committee meetings at its 53rd Meeting in light of the guidance given by the Nineteenth Meeting of the Parties”. Consequently the decision requested the Chair of the Executive Committee to seek the endorsement of the Nineteenth Meeting of the Parties to change its terms of reference to grant it the flexibility to modify the number of times it should meet.

2. The subject of the number of meetings per year has been on the agenda of the Executive Committee since the 44th Meeting in 2004. There have been three discussion papers prepared by the Secretariat; the first one (UNEP/OzL.Pro/ExCom/44/69), which was submitted to the 44th Meeting, examined the possibility of reducing the number of meetings of the Executive Committee from three to two and the potential of an interessional project approval procedure under a two-meeting per year scenario; the second one (UNEP/OzL.Pro/ExCom/45/48), submitted to the 45th Meeting in 2005, provided a financial assessment of reducing the number of meetings; and the third one (UNEP/OzL.Pro/ExCom/50/56), submitted to the 50th Meeting in 2006, provided an update on the assessment of the workload of the Executive Committee and raised a number of questions for discussion by the Committee, including the need to amend the terms of reference of the Executive Committee by the Meeting of the Parties.

3. Through Decision XIX/11, the Nineteenth Meeting of the Parties granted the Executive Committee “the flexibility to hold two or three meetings annually, if it so decided”, thus removing the legal hurdle for the Executive Committee to move to two meetings a year. What remains to be answered is whether the workload of the Executive Committee could be managed in two meetings instead of three.

4. In order to address that question, the paper first examines the *status quo* on the existing programmes. It then addresses the implications of Decision XIX/6 of the Nineteenth Meeting of the Parties on the workload of the Executive Committee, especially in the next two years. On that basis, the paper proposes a few options for the Committee’s consideration.

II THE EXISTING PROGRAMMES

5. For analysing the workload of the Executive Committee, the Secretariat developed a methodology for the first paper submitted to the 44th Meeting, using a combination of quantifiable and qualitative indicators. Where possible, quantification by numbers, such as the number of institutional strengthening projects, is used to assess the workload. For those activities where quantification is not possible, a “high” or “low” rating is assigned with a short explanation in the “comment” column. For the assessment of complexity of the tasks, 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 being developed the complexity is determined to be “high”.

6. An update showing the changes since the 50th Meeting that took place in November 2006 is provided in Annex I. This shows that there are clear guidelines and policies in nearly all the areas of the on-going Fund activities. The only exception is the need to continue refining and streamlining the monitoring tools of the ongoing MYAs to deliver assistance in time to reduce the chances of non-compliance.

7. As for the remaining activities to be funded, this would mainly be the TPMPs in LVCs that had not yet been considered by the Executive Committee, which are estimated to be 53, including 22 which are being submitted to the 53rd Meeting. The other funding components would consist of the annual tranches from 105 ongoing MYAs, about 70 institutional strengthening projects per year and approximately 170 activities in work programmes in 2007, which are mostly project preparations for HCFC surveys.

8. As explained in the paper submitted to the 50th Meeting, 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 each one of 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 as they could result in a prolonged exchange of views between the members, requiring possible assistance from the implementing agencies and the Secretariat. That could take time while the other 98 projects are processed en masse by a blanket approval decision.

9. Behind these numbers however is the challenge of timely assistance by the Fund to avoid countries falling into non-compliance. This is a particular challenge in 2008 when the results from implementing the control measure of an 85 per cent reduction in 2007 for CFC are known. Therefore any planning to move to two meetings in 2008 has to include a mechanism to address urgent need for assistance between meetings. Within the operating rules of the Executive Committee, there is an existing procedure to process funding requests intersessionally. This and the possibility of introducing an intersessional approval procedure based on a pre-defined level of delegated authority to the Chief Officer was also reviewed in the paper submitted to the 44th Meeting.

III IMPLICATIONS OF DECISION XIX/6 OF THE NINETEENTH MEETING OF THE PARTIES

10. Through Decision XIX/6, the Meeting of the Parties has given a mandate to the Executive Committee to develop funding guidelines for accelerating the phase-out of production and consumption in Article 5 countries of HCFCs in accordance with the adjusted schedule. As is discussed in the paper "Options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities (follow-up to decision 52/4)" (UNEP/OzL.Pro/ExCom/53/60), there are quite a number of difficult issues to be resolved such as the cut-off date for funding eligibility, second-stage conversions, and the need to incorporate climate benefit and energy efficiency for environmental impact in addition to ozone layer protection to measure cost-effective phase-out. While proposals for additional work on a

technical level have been proposed by the Secretariat to assist the Committee in finding solutions, it has also to be realised that these could require extended discussions and negotiation by members of the Executive Committee to reach agreement. If things proceed as planned, that is good progress is achieved on the technical level by the proposed expert groups to be convened by the Secretariat (subject to Executive Committee agreement) and discussion by the Executive Committee produce consensus decisions on the difficult issues by the second meeting of 2008, the Executive Committee could have formulated the basic policy framework on funding HCFC phase-out, and would be ready to instruct the implementing agencies to move ahead with the preparation of HCFC phase-out management plans, phase out projects and programmes.

11. What this means for the workload of the Executive Committee in 2008 is that the Executive Committee might need to meet sometime in the middle of the year to address issues regarding the HCFC funding guidelines in the event that these could not all be resolved at the 54th Meeting. If the Committee decides to move to two meetings, the consideration of the HCFC issues would fall at a similar time as the traditional second meeting under the three meeting format, except that in this case it would be a specialised meeting only on HCFCs. It could mean a shorter agenda, of a shorter duration and a reduced volume of documentation.

12. However the Secretariat wishes to note here that it is not possible to assess, in a meaningful way, the impact of an HCFC funding programme on the workload of the Executive Committee beyond 2009, because that depends so much on the outcome of the deliberations of the Committee on funding policies, including the speed of countries in preparing HCFC phase-out management plans including other activities such as HCFC surveys, the availability of substitute technologies, funding priorities and modalities (individual projects, sector/national phase-out plans), and the delivery capacities of the implementing agencies and the Secretariat. It also depends on the pace that the HCFC funding programme would assume and the approximate size of the programme on an annual basis. All these issues should become clearer once the policy framework on HCFC funding phase out is developed over the next year or two, at which time it would be possible to assess better the workload of the Executive Committee on an annual basis and subsequently the number of times that it should meet beyond 2009.

IV OPTIONS

For 2008 or 2009

Option One:

13. Maintain status quo of holding three meetings.

Option Two:

14. Have two regular meetings with fixed schedules (first meeting: March/April, second meeting: October/November) and maintain the possibility of having a specialised third meeting in the middle of the year if needed.

15. An analysis of the pros and cons of each of the two options is shown in Table 1:

Table 1

	Pros	Cons	Action required
Option One	<ul style="list-style-type: none"> • Avoid the inconvenience of changes, including rearranging the agenda from three to two meetings. • Continue with the established systems for project review and monitoring. 	<ul style="list-style-type: none"> • No relief in the number of Montreal Protocol-related meetings per year. • Reduced opportunity to optimise efficiency of operation. 	<ul style="list-style-type: none"> • None.
Option Two	<ul style="list-style-type: none"> • Ability to carry out existing business programmes efficiently. • 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. • The specialised meeting (second meeting of the year) would require a shorter agenda, a shorter duration and less documentation. 	<ul style="list-style-type: none"> • One less meeting to address monitoring and financial matters. • Inconvenience of redesigning the agenda for two meetings from three meetings. • The need to split annual progress into a biannual one. 	<ul style="list-style-type: none"> • 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). • Apply the existing intersessional approval procedure or develop a new one with defined delegated authority to the Chief Officer.

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

Item	Burden			Complexity			Comments			
	Now	2004	2006	2007	2004	2006	2007	2004	2006	2007
Policies development and planning										
• Guideline on project eligibility	Low	Low	Low	Low	Low	Low	Generally well established: issues will arise with application of guidelines	Same as 2004	Same as 2004 and 2006	
• Resources management and allocation for business planning	High	High	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.	Continued challenge in handling balance between compliance and forward-looking planning on HCFC and destruction	
• Assistance to LVCs	High	High	High	High	High	High	Replenishment of over 80 RMPs in LVC prior to 2007	Guidelines on funding TPMP approved at 45 th Meeting. Current challenge is to have about 60 TPMPs submitted and approved for assistance to LVCs beyond 2007.	Number of remaining unfunded TPMPs comes down to 53 including 22 submitted to 53 rd Meeting	
Project implementation										
• Project level monitoring	Low	Low	Low	Low	Low	Low	Well established	Well established and most of stand-alone projects are being completed.	Same as 2004 and 2006	
• MYA monitoring	High	High	High	High	High	High	Criteria under development	Guidelines on verification of national consumption targets for MYAs approved at 46 th Meeting. Further refinement and streamlining reporting and monitoring needed.	Continued need for refining and streamlining monitoring and reporting	
• Compliance monitoring	High	High	High	High	High	High	New indicators and systems needed	Revised country programme reporting format approved at 46 th Meeting to enable improved compliance monitoring. Further refinement is needed.	Continued need for refining and streamlining monitoring and reporting	
Project approvals (on an annual basis)										
• Country programme updates	4-5	4-5	0	Low	Low	Low	Well established	Same as 2004.	Same as 2004 and 2006	
• Institutional strengthening and renewals	70	70	61	Low	Low	Low	Well established	Policies and guidelines well established.	Same as 2004 and 2006	
• On-going MYAs	55	85	105	High	High	High	Criteria for monitoring under development	Guidelines on verification of national consumption targets for MYAs approved at 46 th Meeting. Further refinement and streamlining reporting and monitoring needed.	Close monitoring needed in 2008 and beyond for compliance with 85% and final phase-out	
• New MYAs & TPMPs	30	63	53 ⁽¹⁾	High	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 45 th Meeting.	Still need attention although number has come down	
• RMPs LVC replenishment	86	20	0 ⁽²⁾	High	High	High	Criteria to be designed	Good experience in approving MYAs in non-LVCs. Guidelines on funding TPMP approved at 45 th Meeting.	Replaced by TPMPs	
• Work programmes and amendments	50	50	27	Low	Low	Low	Well established for project preparation	Policies and guidelines for project preparation well established.	Same as 2004 and 2006	

⁽¹⁾ Including 22 submitted to the 53rd Meeting.⁽²⁾ Converted to TPMP.

Annex I

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 and 2006. The update is shown in the column “2007” while the original is indicated in the columns “2004” and “2006”. 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”.

Annex II
ILLUSTRATIVE AGENDAS

Illustrative agenda (1st Meeting of the year)

No.	Item	Number of projects (where applicable)	Annotations (where necessary)
1.	Opening of the meeting		
2.	Organizational matters:		
	(a) Adoption of the agenda		
	(b) Organization of work		
3.	Secretariat activities.		
4.	Status of contributions and disbursements		
5.	Status of resources and planning:		
	(a) Report on balances returned from cancelled and completed projects		
	(b) Update on the implementation of the current year business plan		
	(c) Status/prospects of compliance		
6.	Programme implementation		
	(a) Evaluation reports from SMEO		As per annual work programme
	(b) Progress reports as at 31 December of previous year (operational part)		Due to the unavailability of finance data, reporting limited to operational activities
	(i) Consolidate progress report		
	(ii) Bilateral progress report		
	(iii) UNDP		
	(iv) UNEP		
	(v) UNIDO		
	(vi) World Bank		
	(c) Project implementation delays		Proposed for inclusion in the Status/prospects of compliance document
	(d) Annual tranche submission delays		Proposed for inclusion in update of the implementation of the current year business plan
	(e) Report on implementation of approved projects with specific reporting requirements		
7.	Project proposals		
	(a) Overview of issues identified during project review		
	(b) Bilateral cooperation	8	Based on 2007 data, assuming 50% be submitted to the 1 st Meeting
	(c) Work programme amendments	92*	Based on 2007 data, assuming 50% be submitted to the 1 st Meeting
	(i) UNDP		
	(ii) UNEP		
	(iii) UNIDO		
	(iv) World Bank		
	(d) Investment projects		Based on the 2007 data, assuming 50% be submitted to the 1 st Meeting
	- MYAs on-going	52	
	- MYAs new	27	
	- RMPs LVC	0	
8.	Country programmes and updates	0	Based on the 2007 data, assuming 50% be submitted to the 1 st Meeting
9.	Report of the production sector sub-subgroup		
10.	Policy issues (papers)	?	Cannot predict
11.	Other matters		
12.	Adoption of the report		
13.	Closure of the meeting		

* includes requests for HCFC surveys

Annex II

Illustrative agenda (2nd Meeting of the year)

No.	Item	Number of projects (where applicable)	Annotations (where necessary)
1.	Opening of the meeting		
2.	Organizational matters:		
	(a) Adoption of the agenda		
	(b) Organization of work		
3.	Secretariat activities.		
4.	Status of contributions and disbursements		
5.	Status of resources and planning for the current year business plans:		This is intended to provide an update of the implementation of the current year business plans after the 1 st Meeting of the year.
	(a) Report on balances returned from cancelled and completed projects		
	(b) Update on the implementation of the current year budget		
	(c) Status/prospects of compliance		
6.	Programme implementation		
	(a) Consolidated project completion reports		
	(b) Evaluation reports from SMEO		As per the annual work programme
	(c) Draft monitoring and evaluation work programme of following year		
	(d) Report on implementation of approved projects with specific reporting requirements		
	(e) Evaluation of the business plans of the previous year		
	(f) Report on implementation delays		Proposed for inclusion in the Status/prospects of compliance document
	(g) Annual tranche submission delays – proposed for inclusion in 5(b)		Proposed for inclusion in update of the implementation of the current year business plan
7.	Financial matters:		
	(a) Accounts of the Multilateral Fund for the previous year		
	(b) Reconciliation of accounts		
	(c) Financial part of the progress reports as at 31 December previous year		
	(d) Proposed Secretariat budget		
8.	Project proposals		
	(a) Overview of issues identified during project review		
	(b) Bilateral cooperation	8	Based on the total number of proposals from 2007, 50% distributed to the 2 nd Meeting
	(c) Amendments to work programmes - current year	92*	Includes institutional strengthening project preparation
	(d) Investment projects		
	- MYAs on-going	53	According to schedules in on-going MYAs, and business plan forecast and assume that 50% submitted to the 2 nd Meeting
	- MYAs new	27	
9.	Country programmes and updates	0	Based on 2007 numbers
10.	Report of the production sector sub-subgroup		
11.	Policy issues	?	Cannot predict
12.	Business planning for the following year		
	(a) Financial planning for the triennium		
	(b) Three-year phase-out plan (rolling forward by one year)		
	(c) The Multilateral Fund business plan in the new year		
	(d) Business plans of the implementing agencies		
	(i) Bilateral agencies		
	(ii) UNDP		
	(iii) UNEP		
	(iv) UNIDO		
	(v) World Bank		
	(e) Work programmes of the new year		
13.	Report of the Executive Committee to the Meeting of the Parties		
14.	Other matters		
15.	Adoption of the report		
16.	Closure of the meeting		

* includes requests for HCFC surveys