



**United Nations
Environment
Programme**



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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-seventh Meeting
Montreal, 30 March - 3 April 2009

SECRETARIAT ACTIVITIES

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.

Notification of the Decisions of the 56th Meeting of the Executive Committee

1. The report of the 56th Meeting (UNEP/OzL.Pro/ExCom/56/64 & Corr.1), containing the decisions of the Executive Committee, was conveyed to all Executive Committee members, other participants of the 56th Meeting, and to Parties to the Montreal Protocol. Additionally, decisions related to project approvals, implementation delays and annual tranche submission delays were communicated to eighty-three Article 5 countries, and to the relevant bilateral and implementing agencies. A post meeting document summarizing decisions taken at the 56th Meeting was sent by email to all meeting participants, and Parties to the Montreal Protocol, and was also placed on the Multilateral Fund's intranet and website.

Decisions requesting certain actions by the Chair of the Executive Committee, the Secretariat and/or implementing agencies

Monitoring and Evaluation (decision 56/8(b))

2. In response to decision 56/8(b) the Secretariat, in consultation with the outgoing Senior Monitoring and Evaluation Officer, drew up a short list of five possible candidates for the position of interim Senior Monitoring and Evaluation Officer. Following consultations with the Chair and Vice-Chair of the Executive Committee, Mr. Carlos Canales was selected on the basis of extensive relevant experience in preparing evaluations and his knowledge of the Multilateral Fund (MLF). Mr. Canales joined the Secretariat on 3 March 2009.

Status of the refrigerant management plan (RMP) project in Brunei Darussalam (decision 56/71)

3. The Chair of the Executive Committee wrote to the Government of Brunei Darussalam requesting the expeditious signature of the project documents to enable the implementation of the RMP. UNEP and UNDP submitted to the 57th Meeting an action plan for 2009 and 2010 to include activities that would enable Brunei Darussalam to achieve complete phase-out of CFCs by 2010 (decision 56/71).

Other activities

Institutional strengthening extension requests (decision 56/6 (b))

4. Pursuant to decision 56/6 (b), the Secretariat is developing a set of objectives, expected results and indicators for incorporation into future institutional strengthening (IS) extension requests, together with a set of formats for terminal reports and extension requests. It is intended to complete these activities by the end of 2009, after consultation with Article 5 countries and implementing agencies, so that the resulting reporting formats could be used for IS renewal requests presented in 2010. (See paragraph 18 regarding document UNEP/OzL.Pro/ExCom/57/63).

Sources for co-financing (decision 55/43(i))

5. In response to decision 55/43(i), the Secretariat had written to a number of institutions prior to the 56th Meeting with the objective of identifying individual, regional or multilateral funding mechanisms that might be suitable and compatible as sources for timely co-financing to top up Multilateral Fund ozone funding and so achieve additional climate benefits. As reported to the 56th Meeting expressions of interest had been received from the Global Environment Facility (GEF), the Fonds Français pour l'Environnement Mondial (FFEM) and the Inter-American Development Bank (IDB). The remaining two institutions were contacted again and further letters were sent to the Nordic Environment Finance Corporation (NEFCO), the Asian Development Bank and the European Commission in February 2009. Positive replies were received from the Carbon Finance Unit of the World Bank and NEFCO. Copies of these are attached as Annex I, for the Committee's information. An email reply from the Energy Efficiency and Climate Change Unit of the European Bank for Reconstruction and Development (EBRD) suggested a follow-on

discussion involving both the Energy Efficiency and Climate Change and Official Co-financing units of the EBRD. The Multilateral Fund Secretariat is presently analysing the responses to assess the further potential for co-operation. The discussions regarding a facility for additional income from loans and other sources that will take place under Agenda item 14 of the 57th Meeting will allow the Secretariat to understand how to further continue the discussion with these institutions and replies will be sent to institutions following the 57th Meeting.

Review of tasks in preparation for the 57th Meeting

6. The Secretariat has undertaken the following tasks in preparation for the 57th Meeting.

Status of resources and planning

Balances and availability of resources

7. The Secretariat prepared information on balances and the availability of resources that included a review of the obligated total balances from completed projects held by agencies, and any agency support costs associated with the funds remaining from those completed projects. It also included a calculation of the total amount of resources available to the Executive Committee for approvals at the 57th Meeting.

Financial planning for 2009-2011

8. The Secretariat prepared a document on financial planning (UNEP/OzL.Pro/ExCom/57/5) to assist the Executive Committee to address relevant elements of decision XX/10 taken by the Parties at their Twentieth Meeting regarding the replenishment of the Multilateral Fund and the US \$490,000,000 budget approved by the Parties. The Secretariat proposed annual budgets and resource availability in light of the expected cash flow during the triennium, the forward commitments approved in principle by the Executive Committee at previous meetings, the funds available for new activities, and bilateral contributions for the Executive Committee's consideration.

Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol

9. The Secretariat prepared an update on the status of compliance of Article 5 countries in response to decisions 32/76(b) and 46/4. The document presented as UNEP/OzL.Pro/ExCom/57/6 also contains information on those Article 5 countries that are subject to decisions of the Parties and recommendations of the Implementation Committee on compliance, data on the implementation of country programmes, and the results of the progress in achieving compliance, including information on projects with implementation delays. Part V of the document addresses the usefulness and level of effort associated with preparing assessments of the risk of non-compliance.

2009-2011 business plans

10. The implementing agencies and the Fund Secretariat held a coordination meeting from 26 to 27 January 2009 (see paragraph 30) to consider business planning in the light of the ODS phase-out required to comply with the 2010 control measures of the Montreal Protocol. Activities planned for countries that needed assistance to comply with the 2010 control measures were considered, as well as ODS destruction and several issues regarding the accelerated phase-out of HCFCs. The Secretariat prepared a consolidation of the implementing and bilateral agencies' 2009-2011 business plans reviewing the extent to which the business plans address the needs identified in the compliance-oriented model-three-year ODS phase-out plan for 2009-2011, resource allocation for the 2009-2011 triennium, compliance and performance indicators.

Monitoring and Evaluation

11. Pursuant to decision 56/8, the Senior Monitoring and Evaluation Officer (SMEO) prepared terms of reference for a consultant to prepare a report that would outline the existing terms of reference for the SMEO position and summarize how evaluation functions in other similar institutions are organized and implemented. The Secretariat has made arrangements for the consultant to attend the 57th Meeting in order to present the report (document UNEP/OzL.Pro/ExCom/57/13) to the Executive Committee.

Annual tranche submission delays

12. The Secretariat prepared a report on annual tranche submission delays and information on several annual tranches that were withdrawn from consideration at the 57th Meeting due to delays in implementation (document UNEP/OzL.Pro/ExCom/57/14).

Review of approved projects with specific reporting requirements

13. The Secretariat reviewed progress reports submitted by the implementing agencies on behalf of the Governments of Afghanistan, Brunei Darussalam, China, Fiji, Jordan, the Democratic People's Republic of Korea, and Trinidad and Tobago in light of the original project proposals, ODS data reported by the respective Governments under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the Meeting of the Parties. The Secretariat's review and comments are presented in document UNEP/OzL.Pro/ExCom/57/15.

Project Review

14. The Secretariat received 227 funding requests including new multi-year agreements, tranches of approved multi-year agreements, as well as projects and activities amounting to US \$46,080,306, including agency support costs. Following review by the Secretariat, the number of projects and programmes that are being forwarded to the Executive Committee for consideration is 199 or 88 per cent of the total number of funding requests that had been received. Forty requests with a value of US \$13,319,411 are recommended for blanket approval and a further 59 projects and activities amounting to US \$10,946,338 are being forwarded for consideration by the Executive Committee. Twenty-eight projects and activities were withdrawn by relevant agencies. One policy issue is addressed in this document namely, deferral of a multi-year agreement tranche due to low rate of disbursement for the previous tranche.

Cost considerations surrounding the financing of HCFC phase-out (decisions 55/43(h) and 56/65)

15. The Secretariat prepared a status report on the further analysis of the "functional unit approach" as a satisfactory and transparent basis for the prioritization of HCFC phase-out technologies to minimize other impacts on the environment, including on the climate, as originally envisaged in decision XIX/6 of the Nineteenth Meeting of the Parties (document UNEP/OzL.Pro/ExCom/57/59). The Secretariat is presently undertaking technical consultations to allow the development of mutually agreed functional units for the refrigeration and foam sector, and in this respect is organizing a meeting together with a number of experts prior the 57th Executive Committee meeting. The meeting will be held in Montreal in conjunction with the Technology and Economic Assessment Panel's (TEAP) Refrigeration Technical Options Committee with the aim of utilizing experts from that sector who will be attending.

16. The Secretariat also prepared an analysis of the outstanding issues that the Executive Committee needs to address pertaining to HCFC phase-out, namely, second-stage conversions and determination of cut-off date for installation of HCFC-based manufacturing equipment (document UNEP/OzL.Pro/ExCom/57/60). The document also addresses starting points for aggregate reductions in

HCFC consumption as stated in the HPMP guidelines, and accounting for the phase-out of HCFCs from approved projects against the consumption identified in the HPMP.

Production Sector

17. The Secretariat prepared two documents for the Executive Committee regarding the HCFC production sector. Document UNEP/OzL.Pro/ExCom/57/61 is a compilation of information from the reports of the 55th and 56th Meetings of the Executive Committee and an earlier document by the Fund Secretariat, “Further Elaboration and Analysis of Issues Pertaining to the Phase-out of HCFC Production Sector (decision 53/37(g))” (UNEP/OzL.Pro/ExCom/55/45). The second document (UNEP/OzL.Pro/ExCom/57/62) provides a summary of information on the operation of the Clean Development Mechanism of the Kyoto Protocol (CDM), and the amounts of HCFC-22 production available for credits as a first step (decision 56/64(c)). It presents a brief outline of HCFC production in Article 5 countries, HFC reduction projects under the CDM, and MLF funding.

Institutional strengthening beyond 2010: funding and levels (decision 53/39)

18. The Secretariat prepared a review of the current funding arrangements for IS and capacity building for Article 5 countries and analyses the demand for continued IS support vis-à-vis existing control measures of the Montreal Protocol. It also considers the implications of decision XIX/6 of the Nineteenth Meeting of the Parties, which imposed new obligations with respect to an accelerated HCFC phase-out, and provides the Executive Committee with options for funding IS projects beyond 2010.

Facility for additional income from loans and other sources

19. Following consultations with the implementing agencies at the inter-agency meeting, the Secretariat prepared document UNEP/OzL.Pro/ExCom/57/64 pursuant to decision 55/2 of the Executive Committee that requested the Secretariat to consider potential uses for the facility currently amounting to US \$1.2 million, for a use that was not part of the US \$490 million replenishment budget. The document outlines four possible uses for a special facility.

Reconciliation of 2006 and 2007 accounts

20. The reconciliation of 2006 and 2007 accounts (decision 56/67) is presented as document UNEP/OzL.Pro/ExCom/57/65.

Operation of the Executive Committee

21. In response to decision 54/43 the Secretariat prepared a brief summary of the findings and conclusions from the previous papers prepared on the operation of the Executive Committee for the 44th, 50th and 54th Meetings. The paper proposes options regarding arrangements for Executive Committee meetings in terms of the number per year, their duration and the meeting calendar in light of the quantity and complexity of the future workload of the Committee.

Status of agreements to convert metered-dose inhaler manufacturing facilities in Article 5 countries and implementation of approved projects

22. In response to paragraph 2 of decision XX/4 of the Parties to the Montreal Protocol, the Fund Secretariat prepared a report for the 29th Meeting of the Open ended Working Group (July 2009) on the status of agreements to convert MDI manufacturing facilities in Article 5 countries. A draft version of the paper was sent to relevant implementing agencies for their review and their comments were incorporated into the version presented to the Executive Committee as document UNEP/OzL.Pro/ExCom/57/67.

Documents and policy papers prepared by the Fund Secretariat

23. Of the documents submitted for consideration at the 57th Meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated agenda;
- Secretariat activities;
- Status of contributions and disbursements;
- Report on balances and availability of resources;
- Financial planning for 2009-2011;
- Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol;
- Consolidated business plan of the Multilateral Fund and consideration of the updated model rolling three-year phase-out plan for 2009-2011;
- Comments on agencies' business plans for the years 2009-2011;
- Annual tranche submission delays;
- Report on implementation of approved projects with specific reporting requirements;
- Overview of issues identified during project review;
- Bilateral cooperation;
- Comments and recommendations on the 2009 work programmes of UNEP, UNDP, UNIDO and the World Bank (4 documents);
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 57th Meeting (34 documents);
- Comments and recommendation on the country programme of Equatorial Guinea;
- Further elaboration and analysis of issues pertaining to the phase-out of HCFC production sector (decision 56/64(a) and (b));
- Summary of information publicly available on relevant elements of the operation of the clean development mechanism and the amounts of HCFC-22 production available for credits;
- Institutional strengthening beyond 2010: funding and levels (decision 53/39);
- Facility for additional income from loans and other sources (decision 55/2);
- Reconciliation of 2006 and 2007 accounts (decision 56/67);
- Operation of the Executive Committee (decision 54/43);
- Report on the request from the Twentieth Meeting of the Parties to the Montreal Protocol on status of agreements to convert metered dose inhaler manufacturing facilities in Article 5 countries and implementation of approved projects (decision XX/4).

Cooperation with other Multilateral Environmental Agreements (MEAs) and other organizations

24. The Chief Officer received an invitation from the Executive Director of UNEP to attend the Second session of the International Conference on Chemicals Management (ICCM2), Geneva, Switzerland from 11 to 15 May 2009. A request was also received from the Secretariat of the Strategic Approach to International Chemicals Management (SAICM) for a report on activities supported by the Multilateral Fund that contribute to the objectives of SAICM, and an update on actions agreed by Montreal Protocol governing bodies on further engagement in SAICM. In this regard, the Chief Officer wrote to the Executive Secretary of the Ozone Secretariat requesting information on what further action has been taken by the Ozone Secretariat following the communication in respect of decision 49/1. In response, the Secretariat was informed that the no decision had been taken by the Parties on the matter. A copy of the letter from the SAICM Secretariat and the correspondence between the Ozone and Fund Secretariats is attaches as Annex II. The Secretariat would like to request the guidance of the Executive Committee on the request for a report to the second session of the ICCM2.

Meetings attended and missions undertaken

Missions of the Chief Officer

Poznan, Poland (29 November - 6 December 2008)

25. The Chief Officer attended the first week of the United Nations Conference on Climate Change (UNCCC-COP 14) in Poznań and liaised with the UNFCCC Secretariat on presenting decisions XX/7 (on ozone depleting substance (ODS) banks) and XX/8 (on high global warming potentials (GWP) HCFC alternatives) of the 20th Meeting of the Parties to the Montreal Protocol to UNCCC-COP 14.

New York, United States of America (29 January – 4 February 2009)

26. The Chief Officer also travelled to New York on 30 January to 3 February to meet senior management of the United Nations Development Programme (UNDP) and advise them on the current and future challenges that the implementing agency (IA) is likely to encounter in its programme to phase out ODS, in particular HCFCs. She also had the opportunity to meet Ms. Juanita Castano, the UNEP Representative of the Executive Director at UN Headquarters, Ms. Angela Cropper the Deputy Executive Director of UNEP and to hold discussions with the Executive Director of UNEP, Mr. Achim Steiner, on matters related to the Multilateral Fund.

Vienna, Austria (10-13 February 2009)

27. On 11-13 February, the Chief Officer attended meetings at the United Nations Industrial Development Organization (UNIDO) in Vienna. Here she gave a presentation to UNIDO's senior management on the contribution made by the IA to the successful phase out of CFCs and methyl bromide, the future work of the Multilateral Fund, and in particular the current challenges faced by UNIDO to help key countries (e.g. China and India) to complete CFC phase-out in the MDI sector and to meet the future challenge of HCFC phase out.

Missions related to the monitoring and evaluation work programme for the year 2009

28. A consultant, contracted to prepare a number of country case studies on the evaluation of chiller projects, is undertaking a series of missions in late March and early April 2009 to Croatia, the former Yugoslav Republic of Macedonia and Turkey. A Senior Programme Officer from the Fund Secretariat is to participate in the mission to Turkey as a resource person. Another three consultants were contracted to prepare eight country case studies on the evaluation on the terminal phase-out management plans: Croatia (16-20 March 2009 including travel), Ecuador (6-10 March 2009), Moldova (6-10 April) and Paraguay (2-4 March 2009). Mission dates for the Bahamas, Kuwait, Mongolia and Papua New Guinea are still to be confirmed.

Missions of other staff

Kuala Lumpur, Malaysia (December 2008)

29. A Senior Programme Management Officer participated in the first inception workshop for the preparation of an HCFC phase out management plan (HPMP) organized by UNDP in Kuala Lumpur, Malaysia from 2 to 3 December 2008. She made a presentation on behalf of the Secretariat on the guidelines for the preparation of HPMPs as well as other HCFC-related decisions taken by the Executive Committee relevant for the preparation of an HPMP in the country.

Inter-Agency Coordination Meeting

30. In order to facilitate preparations for the 57th Meeting, the implementing agencies and the Fund Secretariat held an Inter-Agency Coordination Meeting from 26-27 January 2009. Participants included Secretariat staff, all four multilateral implementing agencies, and two bilateral agencies (Germany and Japan). The meeting enabled the Secretariat and agencies to discuss a wide range of issues including financial planning for the 2009-2011 triennium in view of the US \$490 million replenishment budget, business planning for 2009-2011, submissions to the 57th Meeting, and scheduling for network meetings in 2009.

Recruitment and Selection Progress Report

31. As a follow-up to decision 54/44 approving a new staffing structure, including the upgrade of the post of the Deputy Chief Officer from P5 to D1, the Secretariat finalized the jobs description of the Deputy Chief Officer. The classification exercise confirming the position at D1 level has been completed and the position is being launched in Galaxy. The selection process will start soon after the deadlines for application following the Galaxy standard procedures.

32. The classification exercise of the two new professional posts at P3 level and two General Service posts at G6 level have been completed and the four positions have been launched in Galaxy. The Secretariat expects to fill these posts by July 2009. In the meantime, the Secretariat has been able to identify and recruit short-term appointments against these positions.

Preparation for the meetings of the Executive Committee

33. Logistic arrangements were made for the 57th Meeting of the Executive Committee, to be held at the International Civil Aviation Organization, Montreal, Canada from 30 March to 3 April 2009. Letters of invitation and passwords to access meeting documentation on the intranet were provided to members of the Executive Committee, the President of the Bureau of the Twenty-first Meeting of the Parties, the President and Vice President of the Implementation Committee, the Executive Director of UNEP, the Executive Secretary of the Ozone Secretariat, the implementing agencies and NGOs.

34. The Secretariat is awaiting guidance from the Executive Committee on whether to move the 58th Meeting one day ahead of the tentative schedule, 6 to 10 July 2009, to enable Members to depart in time to attend coordination meetings in Geneva in preparation for the 29th Meeting of the Open-ended Working Group.

35. Since the 56th Meeting, the Secretariat was advised by the Government of Egypt that it would be able to provide all the necessary conference facilities, administrative support and protocol coverage for the 59th Meeting of the Executive Committee should it take place in Sharm El Sheikh (Egypt) from 10-14 November 2009. The Government would not, however, be able to cover the cost differential for staff travel and conference services estimated at US \$250,000 as a result of holding the meeting in Sharm El-Sheikh instead of Montreal. To avoid extra costs to the Multilateral Fund, the Executive Committee may wish to consider holding the 59th Meeting in Montreal following the Ozone Secretariat's Montreal Protocol meetings with a one week gap (from 16 to 20 November) or a two week gap (from 23 to 27 November), noting that the United Nations Climate Change Conference (COP 15) will take place in Copenhagen from 7 to 18 December 2009. The Secretariat would appreciate guidance from the Committee on whether to hold the 59th Meeting in Sharm El Sheikh back-to-back with the 21st Meeting of the Parties to the Montreal Protocol, or in Montreal during one of the weeks identified above.

36. The Secretariat assisted the Ozone Secretariat with preparations and arrangements for the meetings of the TEAP Medical Technical Options Committee and the Refrigeration Technical Options Committee, which are being held in the Fund Secretariat's premises from 22 to 27 March 2009.

Information activities

37. The report of the 56th Meeting of the Executive Committee in Arabic, Chinese, English, French and Spanish, a post-meeting summary and a news release were posted on the Multilateral Fund public web site (www.multilateralfund.org). A 57th Meeting site was created on the intranet containing documents and logistical information on the 57th Meeting. Documents for general distribution were placed on the public web site. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines for the 57th Meeting:

- Inventory of Approved Projects as of November 2008;
- Country Programme Summary Sheets as of November 2008;
- Policies, Procedures, Guidelines and Criteria as of November 2008;
- Phase-out plans and projects as of November 2008;
- Executive Committee Primer (2009).

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

December 1, 2008

Ms. Maria Nolan
Chief Officer
Multilateral Fund for the Montreal Protocol
1800 McGill College Ave. 27th floor
Montreal Quebec H3A 3J6
Canada

Dear Ms. Nolan,

Sub: Collaboration between the World Bank's Carbon Finance Unit with the Multilateral Fund

Further to your letter inviting the Bank's Carbon Finance Unit to collaborate with the Multilateral Fund for the Montreal Protocol on the identification of co-financing mechanisms for projects presenting ozone layer protection and climate change mitigation benefits, we understand you have not received Ms. Chassard's reply of October 9, 2008. Please accept my sincere apologies for the failed delivery.

I reiterate the strong interest of the Bank's Carbon Finance Unit to collaborate with the Multilateral Fund for the Montreal Protocol on the identification of co-financing mechanisms for projects presenting ozone layer protection and climate change mitigation benefits. I also take this opportunity to thank the Multilateral Fund for the Montreal Protocol for inviting the Bank's Carbon Finance Unit to collaborate on this important subject.

A copy of Ms. Chassard's previous letter is attached for record.

We look forward to further discussing potential areas of collaboration with the Multilateral Fund.

Sincerely,



Neeraj Prasad
Acting Manager, Carbon Finance Unit
The World Bank

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

October 9, 2008

Ms. Maria Nolan
Chief Officer
Multilateral Fund for the Montreal Protocol
1800 McGill College Ave. 27th floor
Montreal Quebec H3A 3J6
Canada

Dear Ms. Nolan,

Thank you for your letter inviting the World Bank's Carbon Finance Unit to collaborate on the identification of co-financing mechanisms for projects presenting ozone layer protection and climate change mitigation benefits.

The Bank's Carbon Finance Unit and the Montreal Protocol Operation Team are already working on this important subject with the Global Environment Facility and we have already made presentations on the subject (attached to this letter) at a side-event during the 28th Open-ended Working Group Meeting in Bangkok in July this year. The emerging India Chillers' project is an excellent example of how we can collaborate on a single transaction that will deliver both reduction of ODS and improved energy consumption that will attract carbon financing. Our forthcoming Carbon Partnership Facility would be looking at programmatic and scaled-up approaches for reducing emissions of greenhouse gases, which could provide additional opportunities.

We would therefore be delighted to further discuss potential areas of collaboration with the Multilateral Fund.

Sincerely,

Joëlle Chassard
Manager
Carbon Finance Unit

Enclosures:

- Paper titled "*HCFC Phase-out under the Montreal Protocol Introductory Note on a Programmatic Approach*"
- Presentation titled "*Opportunities for Pursuing Linkages with the Climate Change Agenda*".

24th February, 2009

Mrs. Maria Nolan
Chief Officer
Secretariat
Multilateral Fund (MLF) for the Implementation of the Montreal Protocol (MP)
Montreal, Canada
Fax:
e-mail:

Dear Mrs. Nolan,

Thank you for your letter of the 10th of February 2009 regarding possibilities for collaborative projects between the Nordic Environment Finance Corporation (NEFCO) and the Multilateral Fund (MLF) of the Montreal Protocol to address both climate change and ozone depletion on the basis of energy efficiency, hence reduced CO₂ emissions, and reduced emissions of green house gases.

NEFCO is an international finance institution established by the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden with its headquarters in Helsinki together with its sister institutions, the Nordic Development Fund and the Nordic Investment Bank (NIB). NEFCO finances normally investments and projects in Russia, Ukraine, Estonia, Latvia, Lithuania and Belarus, in order to generate positive environmental effects of interest to the Nordic region. In the context of global environmental issues, such as climate change, NEFCO has, however, specific carbon financing instruments designed to enable global leveraging.

NEFCO administers a number of different funds, totaling about €300 million for a variety of purposes. The different funds enable NEFCO to address a number of various environmental priorities using the financial mechanism that is most appropriate in order to achieve the highest possible cost efficiency. The financial instruments range from equity, subordinated loans, medium and long term loans, concessional grants, grants, emission trading etc.

In the context of climate change and carbon financing, NEFCO has two facilities, The Baltic Sea Region Testing Ground Facility (TGF) and the NEFCO Carbon Fund (NeCF). Both funds procure emission reduction credits from projects. The TGF was established by the governments of Denmark, Finland, Iceland, Norway, Sweden, and Germany. Later private companies joined the fund making the TGF the first multilateral public private carbon fund outside of the World Bank system. The NeCF, launched in April 2008, is a global carbon fund of about €80 million based on a Public Private Partnership model.

Furthermore there is the Arctic Council established the Project Support Instrument (PSI) that focuses on actions preventing pollution of the Arctic. The Arctic Council has assigned the fund management a to NEFCO. NEFCO also administers several special

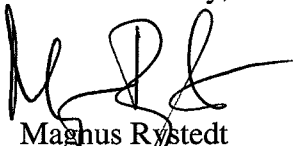
purpose funds on behalf of different donors. These special purpose funds are for specific support of certain projects. Among the list of donors to these project specific funds are the Nordic countries, the Dutch Government, the Nordic Council of Ministers, EU, the Swedish Energy Agency and the Global Environmental Fund (GEF) through the Helsinki Commission.

With respect to your query, we believe that there would be a potential for cooperation to work out mechanisms that might be mutually suitable and compatible for timely co-financing and that captures key ecological benefits such as ozone and climate protection, protection of the waters and enables resource, including energy, optimization.

We see some concrete areas for further elaboration including possible use of MLF funds as seeding, arching efforts to protect the ozone layer and enhancing climate protection through engaging the trading markets, and raising additional donor funds in the Nordic region. Such a collaboration would be with a view to establish a relatively small facility to begin with. Considering NEFCO's special interest in region where GEF would be active also provides another platform for collaboration. Where possible, the energy efficiency and Kyoto (including post Kyoto) compliant components may be approached in a manner that would enable procurement by e.g. the NeCF.

In conclusion we look forward to hearing from you on how the MLF may further desire to develop dialogue on the matter and await your response, preferably by May 2009, to enable elaboration of ideas briefly touched upon above.

Yours sincerely,



Magnus Rystedt
Managing Director



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

8 January 2009


Dear Mr. Gonzalez,

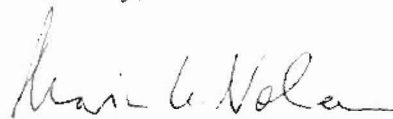
I refer to the attached letter from the Coordinator of the SAICM Secretariat to the Fund Secretariat and the invitation to participate in, and to prepare a report for the second session of the International Conference on Chemicals Management (ICCM) to be held in May 2009.

In addition to the request for information on the activities supported by the Multilateral Fund which might be considered to have contributed to SAICM's objectives, it is expected that the report should also contain an update on actions agreed by Montreal Protocol governing bodies on the further engagement in SAICM.

You may recall that the then Chairman of the Executive Committee, Mr. Khaled Klaly, wrote to you on 28 July 2006 transmitting decision 49/1 of the Executive Committee with regards to SAICM citing in particular paragraph (c) which requested the Chair of the Executive Committee to *"bring to the attention of the Ozone Secretariat, prior to the Eighteenth Meeting of the Parties, the invitation by the first session of the International Conference on Chemicals Management (ICCM) to the Montreal Protocol and its Multilateral Fund to consider whether and how these might support implementation of appropriate and relevant strategic approach objectives within their mandates and to report to the ICCM"*.

I would be grateful if you could kindly provide me with information on what further action has been taken by the Ozone Secretariat following our communication of decision 49/1 as soon as possible, as I would need to inform members of the Executive Committee of the SAICM invitation as well as seek their guidance on the request for a report to the second session of the ICCM.

Sincerely,


Maria Nolan
Chief Officer

Mr. Marco Gonzalez
Executive Secretary
Ozone Secretariat
UNEP

Enclosure.

25 November 2008

Dear Ms Nolan,

Further to your correspondence with the Executive Director of UNEP in 2006, I would like to invite the secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol to prepare a report for the second session of the International Conference on Chemicals Management (ICCM). The report would be on the Fund's contributions to the implementation of the Strategic Approach to International Chemicals Management (SAICM).

The second session of the ICCM, scheduled for 11 to 15 May 2009 in Geneva, will be the first opportunity to review implementation progress since the adoption of SAICM in February 2006. It will also be the first time the ICCM performs its official functions, including evaluating the performance of the financing of SAICM and working to ensure that the necessary financial and technical resources are available for SAICM implementation.

You will recall that the SAICM financial arrangements set out in the Overarching Policy Strategy include "making more effective use of and building upon existing sources of relevant global funding, including by inviting... the Multilateral Fund... within [its] mandate to consider whether and how [it] might support implementation of appropriate and relevant SAICM objectives and to report."

A report from the Fund secretariat might include an analysis of the extent to which the Fund's mandate would allow it to support SAICM objectives (set out in section IV of the SAICM Overarching Policy Strategy, available at www.saicm.org) and an account of activities supported by the Fund in the period 2006-2009 which might be considered, in whole or in part, to have contributed to the achievement of SAICM objectives. The report might also include an update on what further consideration, if any, has been given by Montreal Protocol governing entities to engagement in SAICM since the matter was discussed by the Executive Committee and referred to the Ozone Secretariat (your letter of 31 July 2006 refers). The report would be issued as an Information Document in English only, unless the Fund secretariat wishes to arrange translation itself. We would need to receive the report by 15 March 2009.

Please let me know if the Fund secretariat would like to accept the invitation to prepare the report for the second session of the ICCM. In closing, I should also note that we very much hope it will be possible for the secretariat of the Fund to participate in the second session of the ICCM, for which official invitations will be issued in mid-January 2009. Should it be of interest, booking forms for side events, exhibitions and offices are available on the SAICM website, www.saicm.org.

Yours sincerely,



Matthew Gubb
Coordinator, SAICM secretariat

Ms. Maria Nolan
Chief Officer
The Secretariat of the Multilateral Fund for the
Implementation of the Montreal Protocol
1800 McGill College Avenue, 27th Floor
Montreal, Quebec
Canada H3A 3J6
Fax: 1 + (514) 282-0068



UNITED NATIONS ENVIRONMENT PROGRAMME

Programme des Nations Unies pour l'environnement Programa de las Naciones Unidas para el Medio Ambiente
 Програма Організації Об'єднаних Націй по навколишньому середовищу برنامج الأمم المتحدة للبيئة

联合国环境规划署



Our Ref: Oz.Sec/Meetings/MG/jn

26 February 2009

Dear Ms. Nolan,

I am pleased to acknowledge receipt of your letter dated 8 January 2009 regarding the second session of the International Conference on Chemicals Management (ICCM) to be held in May 2009.

The first meeting of the International Conference on Chemicals Management was held in Dubai, United Arab Emirates in February 2006. During that meeting, and in the context of the adoption of the Strategic Approach to Chemicals Management, the Montreal Protocol and its Multilateral Fund were invited to consider whether and how, within their mandates, they might support the implementation of appropriate and relevant objectives of the Strategic Approach.

As you may recall, this request was presented to the Parties at the 18th Meeting of the Parties in document UNEP/OzL.Pro.18/2 for their information and guidance. At that meeting, however, no decision was taken by the Parties on this matter.

Yours sincerely,

Marco Gonzalez
 Executive Secretary
 Secretariat of the Vienna Convention
 and the Montreal Protocol

Ms. Maria Nolan
 Chief Officer
 Multilateral Fund for the Implementation of the Montreal Protocol
 1800 McGill College Ave, 27th floor
 Montreal Trust Building
 Montreal H3A 3J6
 Quebec, Canada
 E-mail: maria.nolan@unmfs.org