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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-eighth Meeting
Montreal, 6-10 July 2009

**DRAFT REPORT OF THE EXECUTIVE COMMITTEE TO
THE TWENTY-FIRST MEETING OF THE PARTIES****Introduction**

1. The terms of reference of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro.9/12, Annex V) require the Committee to report annually to the Meeting of the Parties. The present report, which covers the activities undertaken by the Executive Committee since the Twentieth Meeting of the Parties, is submitted in fulfilment of that requirement. The report includes three annexes: Annex I presenting tables with data on project approvals; Annex II containing an assessment report on implementation of the recommendations from the 2004 evaluation and review of the financial mechanism; and Annex III showing the amounts of HCFC consumption phased in.

2. During the reporting period, the 57th Meeting of the Executive Committee was held in Montreal from 30 March to 3 April 2009, [*to be completed*]. The reports of the 57th, [*to be completed*] Meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/57/69, [*to be completed*] respectively, and are available on the Multilateral Fund's web site (www.multilateralfund.org).

3. In accordance with decision XX/22 of the Twentieth Meeting of the Parties, the 57th Meeting of the Executive Committee was attended by representatives of the following countries, Members of the Executive Committee: Australia, Belgium, Germany, Japan, Romania, Sweden (Chair) and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Protocol, and by Bolivia, China, the Dominican Republic (Vice-Chair), Gabon, Georgia, Namibia and Yemen, representing Parties operating under paragraph 1 of Article 5 of the Protocol, and was chaired by Mr. Husamuddin Ahmadzai (Sweden), with Mr. Juan Filpo (Dominican Republic) acting as Vice-Chair.

4. All the Meetings within the reporting period were also attended by representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) both as implementing agency and as Treasurer of the Fund, the United Nations Industrial Development Organization (UNIDO), the World Bank, the Ozone Secretariat and other observers.

A. PROCEDURAL MATTERS**(i) Establishment of contact groups**

5. The Executive Committee during this reporting period established several contact groups to deal with issues such as: criteria for including HCFC foam, refrigeration and solvent demonstration projects in the implementing agencies' business plans, ODS disposal projects, the link between the implementation of activities and the release of tranches, and imposition of penalty clauses.

(ii) Sub-group on the production sector

6. The 57th Meeting reconvened the Production Sector Sub-group, composed of the representatives of Australia (facilitator), Bolivia, China, the Dominican Republic, Georgia, Germany, Japan, Namibia, Sweden and the United States of America, for the purpose of finalizing elements for a future decision with respect to the HCFC production sector, as required by Executive Committee decision 56/64 (see paragraph 22 below).

B. FINANCIAL AND ADMINISTRATIVE MATTERS**(i) Status of contributions and disbursements**

7. As at *[to be completed]* 2009, the total income to the Multilateral Fund, including cash payments, promissory notes held, bilateral contributions, interest earned and miscellaneous income, amounted to US\$*[to be completed]*, and total allocations, including provisions, amounted to US\$*[to be completed]*. The balance available at *[to be completed]* 2009 therefore amounted to US\$*[to be completed]*. The yearly distribution of contributions against pledges is as follows:

YEARLY DISTRIBUTION OF CONTRIBUTIONS AGAINST PLEDGES

Year	Pledged contributions US \$	Total payments US \$	Arrears/outstanding pledges US \$
1991-1993	234,929,241	210,359,139	24,570,102
1994-1996	424,841,347	393,465,069	31,376,278
1997-1999	472,567,009	434,088,535	38,478,474
2000-2002	440,000,001	429,113,771	10,886,230
2003-2005	474,000,001	460,465,870	13,534,130
2006-2008	400,500,122	319,250,049	81,250,049
2009	<i>[to be completed]</i>	<i>[to be completed]</i>	<i>[to be completed]</i>
Total:	<i>[to be completed]</i>	<i>[to be completed]</i>	<i>[to be completed]</i>

Note: Not including any disputed contributions.

(ii) Interest collected during the 2006-2008 triennium

8. As at [to be completed], the total level of interest recorded in the Treasurer's accounts amounted to US \$[to be completed] for the 2006-2008 triennium.

(iii) Bilateral cooperation

9. During the period under review, the Executive Committee approved requests by Canada, the Czech Republic, France, Germany, and Italy [to be completed] to credit bilateral assistance amounting to a total of US \$.[to be completed] (decision 57/17 and 58/...). This brings the total for bilateral cooperation since the inception of the Multilateral Fund Secretariat to US \$[to be completed] (excluding cancelled and transferred projects), representing approximately [to be completed] per cent of funds approved. The range of bilateral projects approved includes, *inter alia*, preparation of HCFC phase-out plans, national CFC consumption phase-out plans, terminal phase-out of methyl bromide, terminal phase-out management plans (TPMPs) for Annex A (Group I) substances, and technical assistance support.

(iv) Issues pertaining to contributions

10. During the period under review, the Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and concern was expressed regarding arrears in contributions and the length of time that these had existed (decision 57/2).

(v) Reconciliation of the 2006 and 2007 accounts of the Multilateral Fund

11. The 57th Meeting reviewed the reconciliation of the 2006 and 2007 accounts and noted that the exercise had been completed for UNEP and that UNDP, UNEP and UNIDO had taken the necessary follow-up action. The conclusion of the reconciliation exercise for the 2006 and 2007 accounts was, however, pending while awaiting reports from the World Bank on a shortfall and from the Treasurer on deductions from transfers to the World Bank (decision 57/38).

(vi) Facility for additional income from loans and other sources

12. The 57th Meeting considered a facility for additional income and four potential uses, several or all of which could be pursued simultaneously. The first use would make funds available to undertake pilot projects for co-financing arrangements to mobilize resources to achieve maximum climate and other environmental benefits; the second option would be to attempt to obtain additional cash resources from public and private sources on either an ongoing or one-off basis; the third option built upon ongoing work in establishing relationships with other funding entities, including harmonization of project approval processes, and offering the Facility as a store of funds advanced from other entities for expedited disbursement to agencies; and the fourth option would attempt to develop the facility further to enable it to seek, house and manage credits for climate change and other environmental benefits or ODS destruction from global carbon markets. The last option would benefit from any structures that had been established under the first three uses. The Executive Committee asked the Secretariat to prepare a paper on a special funding facility within the Multilateral Fund, together with an executive summary, taking into account the views expressed. The revised paper would be submitted to the Executive Committee's 58th Meeting (decision 57/37). [to be completed]

(vii) Periodicity of Executive Committee Meetings

13. The 57th Meeting discussed the periodicity of Executive Committee Meetings, taking into account the findings and conclusions in papers prepared on the operation of the Executive Committee. After discussing the advisability of holding two regular meetings, with the possibility of convening a third meeting if needed, or holding three meetings with a four-day format, or maintaining the status quo, the Executive Committee decided to maintain the status quo, but asked the Secretariat to organize one four-day meeting within the coming year. The Secretariat was also asked to monitor the time and workload at Meetings of the Executive Committee as compared to meetings of the Parties and of the Open-ended Working Group and to discuss the issue anew at the 61st Meeting, taking into account the experience gained (decision 57/39).

(viii) Staff matters

14. The 57th Meeting noted that an interim Senior Monitoring and Evaluation Officer had been appointed for a period of six months and that recruitment for the positions vacant at the Secretariat was going ahead according to the established procedure.

C. ACTION TAKEN TO IMPLEMENT DECISIONS OF MEETINGS OF THE PARTIES

Decision XVII/6

15. Decision XVII/6 required the Executive Committee to report to the Open-ended Working Group annually on the progress made in reducing emissions of controlled substances from process agent uses, the associated make-up quantity of controlled substances, the implementation and development of emissions reduction techniques and alternative processes and products not using ODS. The 57th Meeting therefore considered the relevant report prepared by the Fund Secretariat, requesting that it be completed, taking into account comments provided by Members, and submitted to the twenty-ninth meeting of the Open-ended Working Group (decision 57/41). The report of the Executive Committee in response to decision XVII/6 is contained in document UNEP/OzL.Pro.WG.1/29/4).

Decision XIX/6

16. In decision XIX/6, the Executive Committee was requested to assist Parties in preparing their phase-out management plans for an accelerated HCFC phase-out, paying particular attention to Article 5 Parties with low volume and very low volume consumption of HCFCs, and giving priority when developing and applying funding criteria to cost-effective projects and programmes, with a focus on phasing out first those HCFCs with higher ODP, and small and medium-sized enterprises. The Executive Committee was also directed, as a matter of priority, to assist Article 5 Parties in conducting surveys to improve reliability in establishing their baseline data on HCFCs and to make the necessary changes to the eligibility criteria related to the post-1995 facilities and second conversions.

17. Accordingly, the 57th Meeting discussed at length phase-out management plans for an accelerated HCFC phase-out and took a number of relevant decisions, *inter alia*, it agreed that requests for HCFC investment projects and sector plans should be consistent with the requirements of Executive Committee decision 54/39 and provide an indication of how those investment projects related to the HPMP and an indication of when the HPMP would be submitted. It further decided that the value of annual tranches for HCFC multi-year agreement (MYA) activities should be considered in HPMP proposals in the light of budgetary restrictions

18. The Secretariat was requested to prepare, for the 59th Meeting, a strategic analysis to assist the Executive Committee in providing guidance to the bilateral and implementing agencies on how to equitably allocate, in their 2010 and 2011 business plans, funds for all eligible Article 5 countries to enable them to comply with the HCFC 2013 freeze and the 2015 10 per cent reduction, within the limits of available resources. The strategic analysis should take into consideration any decisions on HCFC costs and funding eligibility taken by the Executive Committee prior to the 59th Meeting, and present options on how funding could be allocated, taking into account countries' total HCFC consumption and the sectoral distribution of that consumption (decision 57/6).

19. Also in regard to accelerated HCFC phase-out, the 57th Meeting addressed the following outstanding issues: the cut-off date for installation of HCFC-based manufacturing equipment; second-stage conversions, linked to the eligibility of funding for the replacement of HCFC-based equipment installed with assistance from the Fund; and the starting point for aggregate reductions in HCFC consumption. At an informal meeting, two new approaches were proposed, one of which entailed shifting incremental operating costs from direct payment to enterprises to payment to countries based on a percentage of the capital cost associated with the conversion from HCFCs to the most cost-effective non-HCFC technology available. The other involved a long-term strategy for second-stage conversions beyond 2015 and even 2020, taking into account compliance needs and cost-effectiveness.

20. The two Members that had proposed the new approaches were asked to submit information on their proposals to the Secretariat as soon as possible. The Secretariat was requested to post the minutes of the informal meeting on the Multilateral Fund Intranet for comment by Executive Committee Members, subsequent to which the Secretariat would prepare a document compiling and analysing the new approaches proposed, taking into account the intersessional comments from Members, for consideration at the 58th Meeting (decision 57/34).

21. A status report on the further analysis of the "functional unit approach" to assess the cost for activities which add a climate benefit to phase-out projects and for the prioritization of HCFC phase-out technologies was submitted to the 57th Meeting, which requested the Secretariat to prepare a document presenting four concrete examples of the application of the methodology to two technologies in the foam sector and two in the refrigeration sector for consideration at the 58th Meeting. It was also decided to discuss issues related to the type of incentives to be associated with the indicators being developed and other relevant questions related to the indicators no later than the 58th Meeting (decision 57/33).

22. The Production Sector Sub-group discussed a number of elements for a future decision with respect to the HCFC production sector, noting that, when any production sector projects were prepared, it was understood that, in accordance with usual practice, preparation of production sector phase-out activities would start after the Executive Committee had decided to initiate a technical audit of relevant production facilities. After hearing the report of the Sub-Group, the Executive Committee requested the Secretariat to undertake an analysis of the technical feasibility of redirecting HCFC-22 production from controlled uses to feedstock uses and if such redirection was found technically feasible, to consider in the analysis options for ensuring that any redirection to feedstock uses was sustained. The analysis was also to consider any costs for downstream facilities associated with the redirected HCFC feedstock use and to make the analysis available in time for the 59th Meeting, where it would also address the following issues in particular, HCFC-141b production, cut-off dates, and swing plants (decision 57/35).

Decision XX/4

23. In decision XX/4, the Multilateral Fund Secretariat was requested to report to the Open-ended Working Group at its twenty-ninth meeting on the status of agreements to convert metered-dose inhaler manufacturing facilities located in Parties operating under paragraph 1 of Article 5 and on the

implementation of approved projects. Accordingly, the 57th Meeting considered a report prepared by the Secretariat, on the basis of progress reports from the implementing agencies, with a view to its submission to the Open-ended Working Group. It decided to request the relevant implementing agencies to submit updated reports and asked the Secretariat to circulate the amended report to Members of the Executive Committee and submit the revised text, taking into account their comments, to the twenty-ninth meeting of the Open-ended Working Group (decision 57/40). The report of the Executive Committee in response to decision XX/4 is contained in document UNEP/OzL.Pro.WG.1/29/4).

Decision XX/7

24. Decision XX/7 requested the Executive Committee to consider as a matter of urgency commencing pilot projects that might cover the collection, transport, storage and destruction of ozone-depleting substances (ODS), suggesting projects that might be considered as priorities. The Executive Committee, at its 57th Meeting, therefore addressed the issue of ODS disposal demonstration projects in the context of business planning for 2009-2011. As no criteria for the selection of such projects had been determined, it was decided to request the Secretariat to prepare a document proposing criteria and guidelines for their selection, to be submitted to the 58th Meeting, and in the meantime to remove all ODS disposal projects from the business plans submitted to the 57th Meeting, with the exception of seven demonstration projects in countries which cover a broad spectrum of economic conditions and are located in all major regions (decision 57/6). The Executive Committee also gave the Secretariat a mandate to provide the Ozone Secretariat with a section on the Multilateral Fund's funding modalities for the report on possible funding opportunities for the management and destruction of ODS banks to be transmitted to the twenty-ninth meeting of the Open-ended Working Group (decision 57/42).

Decision XX/8

25. In decision XX/8, the Parties requested the Multilateral Fund Secretariat to participate in the open-ended dialogue on high global-warming potential alternatives to ODS and the 57th Meeting was informed that the Secretariat had made arrangements to attend the workshop, to be held immediately prior to the twenty-ninth meeting of the Open-ended Working Group.

Decision XX/10

26. Decision XX/10 adopted a budget of US\$ 490,000,000 for the 2009-2011 replenishment of the Multilateral Fund, requesting the Executive Committee to take action to ensure, as far as possible, that the whole of the budget was committed by the end of 2011 and that Parties not operating under paragraph 1 of Article 5 should make timely payments in accordance with paragraph 7 of decision XI/6 of the Eleventh Meeting of the Parties. Accordingly, in the interest of enabling full commitment of the budget during the triennium, the 57th Meeting urged all Parties to make payments no later than 1 June each year and those Parties in arrears to pay them during 2009. Countries with economies in transition that had never paid were requested to make their contributions for the 2009-2011 triennium. Bilateral agencies were also requested to remain within the estimates specified in their annual business plans. Parties contributing through promissory notes were asked to adjust their encashment schedule so that they corresponded to the year in which contributions were due. It was decided to monitor the impact of the allocation of annual tranche funding in MYAs so as to enable as many HCFC phase-out plans for as many countries as possible to be accommodated during the triennium and to consider the availability of cash flow for the 2011 budget at the first Meeting in 2011 (decision 57/4).

Decision XX/11

27. The Parties, in decision XX/11, decided to extend the fixed-exchange-rate mechanism (FERM) to the 2009-2011 replenishment and made a number of recommendations on its use. The Treasurer reported to the 57th Meeting on use of the mechanism and echoed the recommendations made by the Parties. The Committee urged Parties eligible to use the FERM to advise the Treasurer of their intention to do so before the 58th Meeting of the Executive Committee (decision 57/2).

Decision XX/15

28. In decision XX/15, the Parties requested the Executive Committee to show flexibility when considering project proposals for Iraq, taking into account its special situation, without prejudice to the possible review of the non-compliance situation of Iraq by the Parties. The Executive Committee, at its 57th Meeting, bearing in mind the Parties' decision, approved two investment projects for Iraq in the foam and refrigeration sectors (decisions 57/26 and 57/27).

D. BUSINESS PLANNING AND RESOURCE MANAGEMENT**(i) Consolidated business of the Multilateral Fund for 2009-2011**

29. The 57th Meeting considered the consolidated business plan of the Multilateral Fund for the 2009-2011 triennium, noting with concern that the amounts in the business plans exceeded the budget for the triennium, owing largely to the uncertainty in the costing of HCFC activities. Bilateral and implementing agencies were urged to continue their efforts to implement approved projects to ensure the expected phase-out of 8,836 ODP tonnes in 2009.

30. It was decided to remove from the implementing agencies' business plans all metered-dose inhaler strategies, all HCFC production components and all HCFC foam demonstration projects, with the exception of five, all HCFC refrigeration demonstration projects, all HCFC solvent demonstration projects, and all ODS disposal projects with seven exceptions (see also paragraph 24 above) (decision 57/6).

(ii) 2009-2011 business plans of the implementing agencies

31. The 57th Meeting considered the business plans of bilateral agencies, UNDP, UNEP, UNIDO and the World Bank, removing some projects and posing conditions on others, as shown in detail in the Committee's report. It also approved the performance indicators for UNDP, UNEP, UNIDO and the World Bank (decisions 57/7, 57/8, 57/9, 57/10 and 57/11).

(iii) Compliance with the initial and intermediate control measures of the Montreal Protocol

32. The 57th Meeting considered a report containing an update on the status of compliance and information on projects with implementation delays. It was noted that 13 of the 33 projects previously listed as having implementation delays had been completed. Article 5 Parties were encouraged to conduct their own compliance risk assessment, making full use of the methodology and indicators developed by the Secretariat. It was decided to request additional status reports on some projects and to consider further the role of the Secretariat with respect to the assessment of the risks of non-compliance in the context of work programmes on monitoring and evaluation. The Secretariat was requested to take the established actions regarding projects with implementation delays (decision 57/5).

E. FUND ACHIEVEMENTS SINCE INCEPTION**(i) Total ODS phased out**

33. Since 1991, [to be completed] projects and activities (excluding cancelled and transferred projects) had been approved, with the following geographical distribution: [to be completed] projects and activities for countries in Asia and the Pacific; [to be completed] for countries in Latin America and the Caribbean; [to be completed] for countries in Africa, [to be completed] for countries in Europe; and [to be completed] with global coverage. Of the [to be completed] tonnes of ODS to be eliminated when all these projects have been implemented, a total of [to be completed] tonnes of ODS had already been phased out by the end of December 2008. A breakdown by production and consumption and by sector is given in table 1 of Annex I. The sectoral distribution of the actual phase-out is indicated in the table below:

Sectors	ODP tonnes phased out*
Aerosol	[to be completed]
Foam	[to be completed]
Fumigant (methyl bromide)	[to be completed]
Halon: production and consumption	[to be completed]
Projects in multiple sectors	[to be completed]
Process agent (production and consumption)	[to be completed]
National phase out plan	[to be completed]
Production	[to be completed]
Refrigeration	[to be completed]
Several	[to be completed]
Solvent	[to be completed]
Sterilant	[to be completed]
Tobacco expansion	[to be completed]
Total:	[to be completed]

*Excluding cancelled and transferred projects

(ii) Funding and disbursement

34. The total funds approved by the Executive Committee since 1991 in order to achieve this phase-out and to implement both ongoing investment projects and all non-investment projects and activities were US \$[to be completed], including US \$[to be completed] for agency support costs (excluding

cancelled and transferred projects). Of the total project funds approved, the amounts allocated to, and disbursed by, each of the implementing agencies and bilateral agencies, are indicated in the table below:

Agency	US \$ approved (1)	US \$ disbursed (2)
UNDP	[to be completed]	[to be completed]
UNEP	[to be completed]	[to be completed]
UNIDO	[to be completed]	[to be completed]
World Bank	[to be completed]	[to be completed]
Bilateral	[to be completed]	[to be completed]
Total	[to be completed]	[to be completed]

(1) As at [to be completed] (excluding cancelled and transferred projects)

(2) As [to be completed] (excluding cancelled and transferred projects)

F. FUNDING APPROVALS DURING THE REPORTING PERIOD

(i) Projects and activities approved during the reporting period (57th and 58th Meetings of the Executive Committee)

35. During the reporting period, the Executive Committee approved a total of [to be completed].additional projects and activities, with a planned phase-out of [to be completed] ODP tonnes in the production and consumption of controlled substances. The total funds approved for project/activity implementation, amounting to US \$[to be completed]. including US \$[to be completed] for agency support costs, are as follows by agency:

Agency	US \$	US \$ Support	US \$ Total
UNDP	[to be completed]	[to be completed]	[to be completed]
UNEP	[to be completed]	[to be completed]	[to be completed]
UNIDO	[to be completed]	[to be completed]	[to be completed]
World Bank	[to be completed]	[to be completed]	[to be completed]
Bilateral	[to be completed]	[to be completed]	[to be completed]
Total	[to be completed]	[to be completed]	[to be completed]

(ii) 2009 work programmes

36. The 57th Meeting considered and approved the 2009 work programmes of UNDP, UNEP and UNIDO, subject to certain conditions, with the exception of one project preparation request for UNEP (decisions 57/18 and 57/19, 57/20 and 57/21, 57/22 and 23, and 57/24 and 57/25, respectively).

(iii) Investment projects

37. Of the total funds approved in the period under review, the Executive Committee allocated US \$[*to be completed*] including US \$[*to be completed*] for agency support costs, for the implementation of investment projects to eliminate an estimated quantity of [*to be completed*] ODP tonnes in consumption and production of ODS. A breakdown by sector is given in table 2 of Annex I to the present report.

38. The Executive Committee also approved three new agreements at its 57th Meeting (decision 57/16), with commitments in principle totalling US \$[*to be completed*]. Details of the amounts per country and sector can be found in Annex III.

39. The Executive Committee, at its 57th Meeting, decided to impose the penalty clauses provided under the relevant agreements with the Executive Committee in two cases for reasons of non-compliance (decisions 57/23 and 57/30).

(iv) Non-investment activities

Technical assistance and training

40. During the period under review, [*to be completed*] technical assistance projects amounting to US \$[*to be completed*], including US \$[*to be completed*] for agency support costs, were approved, bringing the cost of technical assistance projects and training activities approved since the inception of the Multilateral Fund to a total of US \$[*to be completed*]. This amount does not include the non-investment components of MYAs.

Institutional strengthening

41. During the period since the Twentieth Meeting of the Parties, US \$[*to be completed*] including agency support costs of US \$[*to be completed*] were approved for institutional strengthening (IS) projects. This brings the total approvals by the Executive Committee to US \$[*to be completed*] for IS projects in [*to be completed*] Article 5 countries. When approving funding for IS projects, the Executive Committee expressed certain views that were annexed to the reports of the respective meetings.

42. The 57th Meeting considered a review of the current funding arrangements for IS and capacity building and analysed the demand for continued IS support in relation to the existing control measures of the Montreal Protocol. It decided to continue funding requests for the renewal of IS projects at current levels up to the end of December 2010 pending final resolution of the issue by the Executive Committee at its 58th Meeting. The Secretariat was requested to continue its work on objectives, indicators and formats so that the results could be applied to requests for renewal of IS projects submitted by countries from the beginning of 2010 onwards (decision 57/36).

Country programmes

43. During the period under review, the Executive Committee approved a country programme for Equatorial Guinea (decision 57/32) and [*to be completed*]. The total number of country programmes approved since the Committee's inception is 141, covering the estimated baseline production of [*to be completed*] ODP tonnes of CFCs and halons and baseline consumption of [*to be completed*] tonnes of controlled substances (as stated in the country programme documents).

G. MONITORING AND EVALUATION

(i) Annual tranche submission delays

44. The 57th Meeting noted that 58 of the 90 annual tranches of multi-year agreements due for submission had been submitted on time. It was decided to send letters to the countries and agencies concerning the annual tranches that were due for submission but had not been submitted to the 57th Meeting (decision 57/13).

(ii) Progress reports on approved projects with specific reporting requirements

45. The 57th Meeting noted the progress reports submitted pursuant to specific reporting requirements and took the required action (decisions 57/14).

(iii) Monitoring and evaluation: Report on the existing terms of reference and how the evaluation functions in similar institutions are organized and implemented

46. The 57th Meeting considered the report of the consultant comparing the existing terms of reference for the Senior Monitoring and Evaluation Officer (SMEO) at the Multilateral Fund and positions at the evaluation offices of the Global Environment Facility (GEF), the International Fund for Agricultural Development (IFAD), the World Bank Group (WBG), the Inter-American Development Bank (IDB) and UNDP. The Executive Committee agreed that the monitoring and evaluation function should continue at the current budgetary level and that the post should remain staffed by a highly qualified professional. It requested the Secretariat to prepare and submit to the 58th Meeting the terms of reference and workload for the SMEO, reaffirming that the position should retain independence, should be for a fixed term and was best situated in the Secretariat. The Secretariat was asked to propose additional responsibilities for the SMEO, bearing in mind that the work should be relevant and helpful for HCFC phase-out (decision 57/12).

H. POLICY MATTERS

(i) Deferral of a multi-year agreement tranche due to low rate of disbursement for the previous tranche

47. The 57th Meeting considered whether approval should be granted for subsequent tranches of MYAs where some of the activities in the previous tranche had a very low rate of implementation, as well as a very low rate of fund disbursement. It decided that bilateral and implementing agencies should not submit for the Committee's consideration requests for funding of tranches of MYAs where the rate of implementation of activities initiated was low under the previously approved tranches and the rate of disbursement of funding was less than 20 per cent, even when the levels of consumption of the ODS under consideration were below the maximum allowable levels under the Montreal Protocol and the Agreement between the Government concerned and the Executive Committee (decision 57/15)..

I. FUND SECRETARIAT ACTIVITIES

48. During the period under review, the Fund Secretariat had taken action pursuant to the decisions taken by the Executive Committee at its 56th and 57th Meetings. It had also prepared documentation and provided conference services for the 57th Meeting. Proposals for projects and activities from implementing agencies and bilateral partners had been submitted amounting to US \$[*to be completed*]

49. The Secretariat had analysed and reviewed [*to be completed*] funding requests and provided comments and recommendations for the Executive Committee's consideration. The requested level of funding, following project review, for approval at the 57th Meeting amounted to US \$[*to be completed*]

50. In addition to the documents customarily prepared for Executive Committee Meetings, the Secretariat had also prepared documents, *inter alia*, on the policy matters referred to in section C above.

51. During the period under review, the Executive Committee was informed of requests received for information from other multilateral environmental agreement secretariats. The Fund Secretariat had informed the Executive Committee of such requests and responded to them, taking into account the recommendations made by the Committee.

52. The Executive Committee was also informed of the meetings attended by the Chief Officer and Fund Secretariat staff.

J. MATTERS RELATING TO THE MEETING OF THE PARTIES

53. In response to decision XVI/36 of the Sixteenth Meeting of the Parties, requesting the Executive Committee to include a component in its annual report on the progress made and the issues encountered in its consideration of the recommendations contained in the executive summary of the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, the Executive Committee has annexed hereto its progress report to the Twenty-first Meeting of the Parties (Annex II).

54. Annex III contains a table showing the amount of HCFC-141b consumption phased in through projects using HCFCs as a replacement. This is in response to Executive Committee decision 36/56(e), which states, *inter alia* "That the annual Executive Committee report to the Meeting of the Parties should state by country the amount of HCFC-141b consumption phased in through projects using HCFC as replacements, a consumption which would – in application of decision 27/13 – be excluded from funding at future stages".

K. REPORTS OF THE EXECUTIVE COMMITTEE

55. The report of the 57th Meeting (UNEP/OzL.Pro/ExCom/57/69) and a meeting summary have been distributed to all Parties to the Montreal Protocol. The report of this Meeting and previous Executive Committee Meetings are available from the Fund Secretariat on request or can be accessed at the web site of the Fund Secretariat (www.multilateralfund.org).

Annex I

TABLES WITH DATA ON PROJECT APPROVALS

*Table 1: Sectoral distribution of phase-out in all approved projects and activities since inception**

SECTOR	ODP APPROVED	ODP PHASED OUT
Consumption	[to be completed]	[to be completed]
Aerosol	[to be completed]	[to be completed]
Foam	[to be completed]	[to be completed]
Fumigant	[to be completed]	[to be completed]
Halon	[to be completed]	[to be completed]
Multi-sector	[to be completed]	[to be completed]
Other	[to be completed]	[to be completed]
Process agent	[to be completed]	[to be completed]
Refrigeration	[to be completed]	[to be completed]
Solvent	[to be completed]	[to be completed]
Sterilant	[to be completed]	[to be completed]
Phase-out plan	[to be completed]	[to be completed]
Several	[to be completed]	[to be completed]
Total consumption	[to be completed]	[to be completed]
Production	[to be completed]	[to be completed]
CFC	[to be completed]	[to be completed]
Halon	[to be completed]	[to be completed]
CTC	[to be completed]	[to be completed]
TCA	[to be completed]	[to be completed]
MBR	[to be completed]	[to be completed]
Multiple ODS	[to be completed]	[to be completed]
Total production	[to be completed]	[to be completed]

* Excluding cancelled and transferred projects

Table 2: Sectoral distribution of approved investment projects since inception

Sector	ODP tonnes	US \$ approved
Aerosol	[to be completed]	[to be completed]
Foam	[to be completed]	[to be completed]
Halon	[to be completed]	[to be completed]

Table 3: Agreements approved during the reporting period

Country	Project	To be implemented by	Total phase-out ODP tonnes	Funding approved in principle (US \$)		
				Project funds	Support costs	Total
Botswana	Phase-out of ODS	Germany	1	205,000	26,650	231,650
Equatorial Guinea	Phase-out of ODS	UNEP	4.6	180,000	23,400	203,400
Sierra Leone	Phase-out of ODS	UNEP	0	150,000	19,500	169,500
		UNDP	12.2	60,000	5,400	65,400
[to be completed]	[to be completed]	[to be completed]	[to be completed]	[to be completed]	[to be completed]	[to be completed]

Annex II

ASSESSMENT REPORT ON THE RECOMMENDATIONS IN THE 2004 EVALUATION AND REVIEW OF THE FINANCIAL MECHANISM OF THE MONTREAL PROTOCOL

A. Introduction

1. This report is submitted by the Executive Committee pursuant to the following decision of the Meeting of the Parties:

- (a) “To request the Executive Committee of the Multilateral Fund, within its mandate, to consider the report on the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, with a view to adopting its recommendations, whenever possible, in the process of continuous improvement of the management of the Multilateral Fund, and having in mind the need to contribute to the assessment of the Technology and Economic Assessment Panel of the 2006-2008 replenishment of the Multilateral Fund;
- (b) To request the Executive Committee regularly to report back to and seek guidance from the Parties on the subject. To this effect, the Executive Committee shall submit a preliminary assessment to the Open-ended Working Group at its twenty-fifth meeting and include a component in its annual report to the Meeting of the Parties, on progress made and issues encountered in its consideration of the recommended actions contained in the executive summary of the evaluation report.”

(Decision XVI/36)

2. A first report on the recommendations from the 2004 evaluation and review of the financial mechanism of the Montreal Protocol was prepared by the Secretariat for consideration by the Executive Committee at the 45th Meeting, as a follow-up to decision 44/60 (document UNEP/OzL.Pro/ExCom/45/51). The report was noted and the Executive Committee decided to “forward its assessment report on the recommendations in the 2004 evaluation and review of the financial mechanism of the Montreal Protocol for consideration at the 25th Meeting of the Open-ended Working Group” (decision 45/59).

3. The assessment report (document UNEP/OzL.Pro.WG.1/25/INF/3), based on the deliberations at the 45th Meeting, grouped the 28 recommendations contained in the 2004 evaluation and review of the financial mechanism of the Montreal Protocol into three categories, as follows.

Category I:

“11 general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer and do not need any new action, but instead require regular follow-up at meetings of the Committee. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report”. These include: recommendations 2, 6, 7, 15, 16, 18, 21, 22, 24, 25 and 28.

Category II:

“Ten general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer but may require new actions in the short term. The Executive Committee will report back to the Meeting of the Parties on these

recommendations, as appropriate, in the context of its Annual Report". These include recommendations: 1, 3, 4, 9, 11, 12, 17, 20, 23 and 26.

Category III:

"Seven general recommendations were considered not necessary to be implemented. Six because future action would be redundant in the light of recent developments or existing practices. One because of the potential negative incentive. The Executive Committee considers that there is no need for further reporting on these recommendations". These include recommendations 5, 8, 10, 13, 14, 19 and 27.

4. The following report therefore covers the recommendations falling under the first two categories where further work needed to be done and new information was available. As reported to the Eighteenth and Twentieth Meeting of the Parties, efforts with respect to recommendations 3, 4, 6, 7, 9, 11, 12, 16, 17, 18, 21, 22, 23, 25, and 28 have taken place on a regular basis as already reported in the past and no further action in addition to the existing practice of the Executive Committee is required. Under this reporting period, the recommendations 15, 20 and 26 do not require further action by the Committee.

B. Recommendations under the first two categories

GENERAL RECOMMENDATION 1: Make further structural changes to the Executive Committee, if necessary to specifically address compliance.

5. An update on the status of risk of non-compliance by Parties prepared by the Secretariat was considered at the 57th Meeting of the Committee and the Executive Committee encouraged Parties to conduct their own compliance risk assessment, making full use of the methodology and indicators developed by the Secretariat. It was also decided to consider further the role of the Secretariat with respect to the assessment of the risks of non-compliance in the context of work programmes on monitoring and evaluation.

(Decision 57/5)

GENERAL RECOMMENDATION 2: Continue to evaluate Executive Committee structure and consider reduction of annual meeting numbers.

6. The 57th Meeting considered a report on the issue of the numbers of Executive Committee meetings and decided to maintain the status quo, but asked the Secretariat to organize one four-day meeting within the coming year. The Secretariat was also asked to monitor the time and workload at Meetings of the Executive Committee as compared to meetings of the Parties and of the Open-ended Working Group and to discuss the issue anew at the 61st Meeting, taking into account the experience gained.

(Decision 57/39)

GENERAL RECOMMENDATION 24: Take action to encourage timely payment by the donor countries.

7. Throughout the reporting period, the Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and emphasized its concerns in relation to the arrears in contributions to the Multilateral Fund in the light of the 2010 phase-out target.

(Decision 57/2)

Annex III

AMOUNTS OF HCFC¹ CONSUMPTION PHASED-IN (ODP TONNES)

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Algeria	<i>[to be completed]</i>	<i>[to be completed]</i>
Argentina	<i>[to be completed]</i>	<i>[to be completed]</i>
Bahrain	<i>[to be completed]</i>	<i>[to be completed]</i>
Bolivia	<i>[to be completed]</i>	<i>[to be completed]</i>
Bosnia and Herzegovina	<i>[to be completed]</i>	<i>[to be completed]</i>
Brazil	<i>[to be completed]</i>	<i>[to be completed]</i>
Chile	<i>[to be completed]</i>	<i>[to be completed]</i>
Chile	<i>[to be completed]</i>	<i>[to be completed]</i>
China	<i>[to be completed]</i>	<i>[to be completed]</i>
China	<i>[to be completed]</i>	<i>[to be completed]</i>
Colombia	<i>[to be completed]</i>	<i>[to be completed]</i>
Costa Rica	<i>[to be completed]</i>	<i>[to be completed]</i>
Cuba	<i>[to be completed]</i>	<i>[to be completed]</i>
Dominican Republic	<i>[to be completed]</i>	<i>[to be completed]</i>
Egypt	<i>[to be completed]</i>	<i>[to be completed]</i>
El Salvador	<i>[to be completed]</i>	<i>[to be completed]</i>
Guatemala	<i>[to be completed]</i>	<i>[to be completed]</i>
India	<i>[to be completed]</i>	<i>[to be completed]</i>
Indonesia	<i>[to be completed]</i>	<i>[to be completed]</i>
Iran	<i>[to be completed]</i>	<i>[to be completed]</i>
Jordan	<i>[to be completed]</i>	<i>[to be completed]</i>
Kenya	<i>[to be completed]</i>	<i>[to be completed]</i>

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Lebanon	[to be completed]	[to be completed]
Libyan Arab Jamahiriya	[to be completed]	[to be completed]
Macedonia, FYR	[to be completed]	[to be completed]
Malaysia	[to be completed]	[to be completed]
Mauritius	[to be completed]	[to be completed]
Mexico	[to be completed]	[to be completed]
Morocco	[to be completed]	[to be completed]
Nicaragua	[to be completed]	[to be completed]
Nigeria	[to be completed]	[to be completed]
Pakistan	[to be completed]	[to be completed]
Panama	[to be completed]	[to be completed]
Paraguay	[to be completed]	[to be completed]
Peru	[to be completed]	[to be completed]
Philippines	[to be completed]	[to be completed]
Romania	[to be completed]	[to be completed]
Serbia	[to be completed]	[to be completed]
Sri Lanka	[to be completed]	[to be completed]
Sudan	[to be completed]	[to be completed]
Syrian Arab Republic	[to be completed]	[to be completed]
Thailand	[to be completed]	[to be completed]
Tunisia	[to be completed]	[to be completed]
Turkey	[to be completed]	[to be completed]
Uruguay	[to be completed]	[to be completed]
Venezuela	[to be completed]	[to be completed]

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Vietnam	<i>[to be completed]</i>	<i>[to be completed]</i>
Yemen	<i>[to be completed]</i>	<i>[to be completed]</i>
Zimbabwe	<i>[to be completed]</i>	<i>[to be completed]</i>
Total	<i>[to be completed]</i>	<i>[to be completed]</i>

Note 1: ODP values as follows: HCFC-123: 0.02
 HCFC-22: 0.055
 HCFC-141b: 0.11
