



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

**Post Meeting Summary of Decisions of the 58th Meeting of the Executive Committee of
the Multilateral Fund for the Implementation of the Montreal Protocol**

Introduction

The 58th Meeting of the Executive Committee, which took place in Montreal, Canada from 6 to 10 July 2009, was attended by the representatives of the 14 Executive Committee member Parties and by participants co-opted from 22 other countries (see attached list). Dr. Husamuddin Ahmadzai of Sweden presided over his second meeting as Chair of the Executive Committee in 2009. The meeting was also attended by representatives of the implementing agencies, the Treasurer, the President and Vice President of the Implementation Committee, the Deputy Executive Secretary of the Ozone Secretariat and a representative from the Alliance for Responsible Atmospheric Policy.

The 58th Meeting took place less than six months ahead of the Montreal Protocol deadline for Article 5 countries to completely phase-out production and consumption of CFCs, halons and CTC. The remaining tranches of terminal phase-out management plans to be considered at the meeting would be essential for those countries to achieve compliance.

A number of complex HCFC phase-out policies discussed at the 57th Meeting remained on the agenda, including the choice of HCFC phase-out technologies to minimize impacts on climate, second stage conversions of enterprises previously funded through the Multilateral Fund, and the cut-off dates for funding after which conversions would not be eligible for Multilateral Fund assistance. Discussion continued on the review of future funding arrangements for institutional strengthening (IS). The Committee also examined the revised terms of reference for the Senior Monitoring and Evaluation Officer and an updated document on the Facility for additional income from loans and other sources.

The Committee followed its customary programme of work for the second meeting of the year, which included consideration of the progress reports of the bilateral and implementing agencies on funded programmes and projects for the preceding year, the accounts of the Multilateral Fund, and the evaluation of the 2008 business plans.

At its 58th Meeting, the Executive Committee approved 63 investment projects and work programme activities with a value of just over US \$17.94 million, plus US \$1.41 million in support costs for bilateral / implementing agencies, and took a total of 40 decisions. The most significant decisions and discussions are summarized below.

Status of contributions and disbursements, balance and availability of resources (decisions 58/1 and 58/2)

The Executive Committee reviewed information on the Fund's balance, income and contributions, and aggregate information on the status for the triennium, including data on gains and losses from the fixed-exchange rate mechanism (FERM). Since the 57th Meeting, the Fund had suffered a loss amounting to US \$2,670,137 on the FERM, resulting in a fall in the total gain from the FERM since its inception to US \$34,887,400. The total income of the Fund including cash payments, promissory notes, bilateral cooperation assistance, interest earned and miscellaneous income amounted to US \$2,548,364,116, and the balance of the Fund stood at US \$94,830,147, of which US \$56,999,643 were in cash and US \$37,830,504 in promissory notes. In addition funds and support costs returned by the implementing agencies from completed projects amounted to US \$856,377 and funding and support costs returned by the bilateral agencies came to US \$309,713 excluding the amount of US \$59,363 in interest accrued.

The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and noted the list of Parties, which included 15 Parties that confirmed they would use the FERM during the 2009-2011 replenishment period.

2009 business plans and annual tranche submission delays (decision 58/3)

The Executive Committee noted that US \$47.5 million in activities required for compliance had not been submitted to the 58th Meeting, and that the value of forward commitments approved at this meeting was below that in the 2009-2011 business plan of the Multilateral Fund by US \$5,129,388. Bilateral and multilateral implementing agencies were requested to submit those activities required for compliance in the 2009 business plans to the 59th Meeting. The level of annual tranches submitted for approval to the 58th Meeting amounted to US \$7,238,300 and, as a result, the total level of commitments for the period 2010-2014 would amount to US \$108.7 million.

The Executive Committee reviewed all annual tranches of MYAs due for submission to the 58th Meeting, noting that 23 of the 73 annual tranches had been submitted on time but that the remaining 50 tranches had not been. Letters regarding tranches not submitted to the 58th Meeting would be sent to 34 countries encouraging them to take actions to expedite the implementation of the approved tranches so that they could be submitted to the 59th Meeting. Nineteen of the 34 countries had tranches due for the first time to the 58th Meeting and 15 countries had tranches that had not been submitted to either the 57th or the 58th Meetings.

Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol (decision 58/4)

The Executive Committee considered the latest report on the status of delayed projects and prospects of Article 5 countries in achieving compliance with Montreal Protocol control measures. The 2008 data suggested possible non-compliance based on Article 7 or country programme data for several countries; however, all the countries concerned had either received support from the Multilateral Fund or had been included in agencies' business plans

for support. The document also included the methodology used to assess the risk of non-compliance for use by Article 5 countries interested in conducting their own assessments. The Committee cancelled three projects by mutual agreement of the implementing agency and the country concerned and requested additional status reports from bilateral and implementing agencies regarding seven other projects.

Programme implementation

Monitoring and Evaluation

Terms of reference and workload for the Senior Monitoring and Evaluation Officer (decision 58/5)

The Executive Committee agreed on the assessment of the workload of the Senior Monitoring and Evaluation Officer (SMEO) and adopted a revised SMEO job description. Given the forthcoming challenges of HCFC phase out, the role of Senior Monitoring and Evaluation Officer would continue to be of great importance for another five to ten years. On this basis the SMEO would have a maximum period of engagement with the Multilateral Fund of up to ten years, consistent with appointment practices in other agencies. In addition the Executive Committee requested that the SMEO considers in future monitoring and evaluation work plans some of the activities listed as short-term and medium-term needs in future monitoring and evaluation work plans.

Final report on the evaluation of terminal phase-out plans (decision 58/6)

The Executive Committee noted the final report on the evaluation of terminal phase-out management plans (TPMPs) in low-volume-consuming (LVC) countries which had been based on the findings of eight individual country case studies. The Executive Committee made an extensive decision, which included requests to both bilateral and implementing agencies and Article 5 countries.

Bilateral and implementing agencies assisting Article 5 countries to implement TPMPs were requested to provide updated financial reports to national ozone units to enable them to account to their respective governments, to assist Article 5 countries to review their current ODS regulations in order to incorporate import/export regulations on HCFCs, and to provide Article 5 countries with information on technical feasibility and economic viability vis-à-vis the establishment of new ODS reclamation and recycling centres in future requests for TPMP tranches. Bilateral and implementing agencies and Article 5 countries were asked to consider establishing effective and targeted monitoring and reporting mechanisms, which could include establishment of programme management units if countries chose to do so in order to ensure adequate assessment, monitoring and reporting of the results of TPMPs, in particular regarding recovery and recycling and end-user projects.

The Executive Committee requested Article 5 countries to enhance their data collection and monitoring systems for the control of ODS trade in order to improve the quality and reliability of the import/export data from customs authorities, companies and servicing workshops and also, when developing and/or designing training programmes for technicians, to include

specific modalities to assist refrigeration service technicians with no formal training. The Committee also encouraged Article 5 countries to establish and/or strengthen refrigeration technicians' associations in order to promote good practices in the refrigeration sector through recovery, recycling, leak detection and prevention of unnecessary ODS use.

Desk study on the evaluation of chiller projects (decision 58/7)

The Executive Committee noted the desk study on the evaluation of chiller projects that was based on a desk review and analysis of more than 90 project documents and reports available to the Multilateral Fund Secretariat, plus three country case studies covering Croatia, The former Yugoslav Republic of Macedonia, and Turkey. The Executive Committee urged the bilateral and implementing agencies to accelerate implementation of the current chiller projects with co-funding modalities and to provide a progress report to the 59th Meeting of the Executive Committee, as requested by decision 47/26(f), and encouraged them to continue their efforts to explore the applicability of carbon market instruments and other forms of co-financing, as appropriate, for the replacement of HCFC equipment, particularly chiller equipment. The Committee urged the agencies to complete a thorough analysis of the technical, economic, financial, co-funding and environmental issues associated with the replacement for any activities related to chiller conversions they might undertake in the context of HCFC phase-out management plans, and to demonstrate the economic viability and long-term sustainability prior to submitting a request for approval.

2008 Progress reports of implementing and bilateral agencies (decisions 58/8 -58/13)

In order to monitor project implementation, each of the bilateral and implementing agencies submitted an annual progress report on the implementation of approved projects and activities to the 58th Meeting. The main issues common to all agencies related to the slow implementation of institutional strengthening (IS) projects and those required to meet the 2010 phase-out deadline, projects under the chiller-funding window, HCFC phase-out management plan (HPMP) preparation and data inconsistencies. In this respect, agencies were requested to provide a number of additional status reports including ones for 33 HCFC phase-out management plan (HPMP) preparation activities. The Executive Committee noted with concern that HPMP preparation activities were generally expected to take longer than originally planned. In many cases, HPMPs were expected to be submitted late in 2010. Implementing agencies were urged to complete HPMP development, taking into account decision 54/39(e and h).

Evaluation of the implementation of the 2008 business plans (decision 58/14)

The performance of implementing agencies' performance in 2008, as assessed against targets in their business plans, had been slightly lower than in 2007 due largely to not meeting the targets for ODS phase-out for individual projects, slow rate of project completion and timely submission of project completion reports. Quantitative performance indicators showed that UNIDO met 95 per cent of its targets, UNEP 88 per cent, UNDP 76 per cent and the World Bank 72 per cent.

The response rate of national ozone units (NOUs) to the qualitative assessment survey had improved in 2008 but was still low. As with the evaluation of the 2007 business plan

(decision 55/11(b)), the Committee requested UNEP's Compliance Assistance Programme (CAP) to include an item in the agenda of each of its network meetings addressing reporting requirements of the Executive Committee, including the qualitative performance questionnaire on agencies' performance.

Report on implementation of approved projects with specific reporting requirements (decision 58/15)

The Executive Committee noted a progress report on the implementation of the fifth tranche of the national phase-out plan (NPP) for Lebanon and approved the annual implementation programmes for the next phase of the NPP. The Committee also adjusted the methyl bromide phase-out targets stipulated in the agreed conditions for Morocco revised at the 56th Meeting since there had been an error in the calculation of remaining consumption from 2009 onwards.

Following its consideration of the verification report on the CFC production phase-out programme for the Bolivarian Republic of Venezuela, the Executive Committee commended the Government of the Bolivarian Republic of Venezuela and the World Bank for the good efforts made to comply with decision 54/15(a) and for successfully implementing the audit for 2008 confirming the sustained cessation of CFC production at the PRODUVEN plant. It was also agreed that the World Bank should continue with the verification of the PRODUVEN facility for a report on 2009 activities to be submitted in time for consideration at the second meeting of 2010, to ensure the permanent closure of the CFC production capacity at the plant.

Project proposals (decisions 58/16 – 58/35)

Levels of funding for institutional strengthening projects beyond 2010 (decision 58/16)

Implementing agencies had submitted a number of requests for the renewal of funding for IS projects but as a result of decision 57/36, the Secretariat had been unable to recommend those projects for blanket approval since they extended beyond 2010. The Executive Committee decided to approve institutional strengthening renewals up to 31 December 2010 and thus the level funding for each IS project approved at the 58th Meeting was pro-rated up until the end of 2010.

Confidentiality of HCFC data (decision 58/17)

The Ozone Secretariat would advise the Twenty-ninth Meeting of the Open-ended Working Group that it would provide disaggregated ODS data reported without a claim of confidentiality by Article 5 Parties under Article 7 of the Protocol to the Fund Secretariat since disaggregated HCFC data would be needed by the Fund Secretariat to assess submissions for funding HCFC phase-out, to review the performance of phase-out projects and to undertake other relevant analysis. The Fund Secretariat would report back to the 59th Meeting on any discussions on the issue that might take place at the Twenty-ninth Meeting of the Open-ended Working Group.

Draft report on criteria and guidelines for the selection of ODS disposal projects (decision 58/19)

The Executive Committee approved interim guidelines for the funding of demonstration projects for the disposal of ODS. These set out the conditions under which a limited number of demonstration projects would be approved, the information requirements for project preparation requests and project submissions including sources of funding, and the annual reporting requirements of implementing agencies regarding progress and experiences gained.

At the 59th Meeting the Executive Committee would consider project preparation funding for a limited number of ODS disposal demonstration projects covering aspects not yet covered by other demonstration projects. Funding for these projects would be limited to maximum level of US \$13.2/kg of ODS to be destroyed for non-low-volume-consuming countries. No funding would be available for the collection of ODS except as a contribution to the monitoring of the sources of the ODS for an already existing, separately funded, collection effort for CFCs. For the disposal of halon and of carbon tetrachloride (CTC), funding would be provided for a maximum of one demonstration project for each, provided the respective projects have an important demonstration value.

At the 60th Meeting in 2010 the Executive Committee would consider any decision taken by the Parties at the Twenty-first Meeting that might relate to the interim guidelines and definitions contained in decision 58/19, and the Fund Secretariat would provide the second Meeting in 2011, with a report on the experience gained in the implementation of the disposal projects. The Executive Committee would consider whether to review the interim guidelines at the 64th Meeting in light of the experience gained and any additional information and guidance available at that time.

Project approvals

The Executive Committee approved 63 investment projects and work programme activities in 42 countries with a value of just over US \$17.94 million, plus US \$1.41 million in support costs for bilateral and implementing agencies. These included two projects to be implemented directly by the Government of Germany. Seventeen countries received funding for renewal of IS projects up until 31 December 2010.

2010 ODS targets

Continuing its efforts to address the phase-out of the remaining CFCs ahead of the 1 January 2010 Montreal Protocol deadline the Executive Committee approved tranches of funding for multi-year projects in 17 countries in respect of the 2010 ODS control measures. A multi-year agreement for the terminal phase-out plan for Haiti aimed at phasing out Haiti's entire CFC consumption was also approved.

The Executive Committee approved Iraq's country programme (see decision 58/36) and its national phase-out plan (NPP) for the complete phase-out of CFCs, halons, CTC and TCA. The NPP will be implemented with assistance from UNEP and UNIDO. UNIDO will be responsible for phasing out CFCs in the foam and refrigeration manufacturing sectors while both UNIDO and UNEP will assist Iraq to phase out CFCs in the servicing sector. The

Executive Committee commended the commitment of the Government of Iraq which only became a Party to the Montreal Protocol only in June 2008. Iraq will have to completely phase out consumption of CFCs, halons, CTC and TCA solely through the implementation of the phase-out plan.

Methyl bromide

The Committee approved funds for preparation of a project proposal to address all controlled uses of methyl bromide (MB) in pre and post-harvest sectors in Iraq and a further tranche of the national MB phase-out plan in China.

2013 and 2015 HCFC control measures

Six countries received funding or additional funding for the preparation of HPMPs bringing the total number of countries with HPMP preparation funding to 128. Eight countries received funding for preparation of the investment component of the HPMPs. The Executive Committee also approved two HCFC technical assistance projects: a pilot project in Brazil would develop, optimize and validate the use of methylal as a foam blowing agent in the manufacturer of polyurethane foam; and a project in Egypt would validate/demonstrate low-cost options for the use of hydrocarbons as foaming agent in the manufacture of polyurethane foams.

Following discussion of the facility for additional income from loans and other sources, the Executive Committee decided to defer consideration of requests for technical assistance projects for mobilizing resources to maximize climate benefits of HCFC phase-out, submitted as part of the work programme amendments of UNDP, UNIDO and the World Bank, to a future meeting (decisions 58/22, 58/27, 58/29).

ODS disposal projects

The Executive Committee approved funds for the preparation of the second component of the pilot demonstration project on ODS waste management and disposal in Mexico.

Country programme (decision 58/36)

The Executive Committee approved the country programme of Iraq. Iraq is now on track to eliminate ODS from its refrigeration and foam industries by 1 January 2010.

Cost considerations surrounding the financing of HCFC phase-out

Prioritization of HCFC phase-out technologies to minimize other impacts on the environment

The Fund Secretariat reported on progress in developing four concrete examples of the application of the methodology for prioritizing 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. A full analysis of the tools for determining an indicator for the climate impact of projects funded by the Multilateral Fund

would be presented to the 59th Executive Committee Meeting.

Analysis of new approaches on second-stage conversions, determination of cut-off date and other outstanding HCFC policy issues

The Executive Committee made progress on resolution of the outstanding policy issues related to HFCF phase-out management plan guidelines, namely cut-off dates, second-stage conversions, eligible incremental costs, cost-effectiveness thresholds, technological upgrades and conversion before the end of the equipment's useful life, and the applicability of low-volume consuming country criteria. It also discussed issues related to starting points for aggregate reductions in HCFC consumption. A contact group convened by the Chair for the purpose of discussing and resolving outstanding issues would continue its deliberations immediately preceding the 59th Meeting in November 2009.

Institutional strengthening beyond 2010

At its 58th Meeting, the arrangements for institutional strengthening (IS) were discussed as a separate topic by the contact group that discussed HCFC policy issues (see above). The contact group would continue its deliberations on IS with the aim of coming to an agreement, immediately preceding the 59th Meeting of the Executive Committee.

Facility for additional income from loans and other sources (decision 58/37)

The Executive Committee noted a further analysis of a special funding facility within the Multilateral Fund which might potentially cover costs associated with climate benefits, looking at the structural arrangements, legal implications, and issues of timing and of cash flows in particular with respect to the voluntary fund, co-financing and the market mechanism. A detailed account of the Executive Committee's discussion on the establishment of a facility would be included in the Report of the Executive Committee to the Twenty-first Meeting of the Parties.

The Executive Committee requested the Secretariat to prepare a further concept paper for the 59th Meeting expanding on earlier papers with respect to the elements raised at the 58th Meeting in particular a definition of a facility; the added value of establishing a facility; activities that would be eligible for assistance; potential contributors to the facility and its time horizon. Furthermore the Secretariat and the Treasurer were asked to address the implications of optimally managing credits for climate change and other environmental benefits from the global carbon markets with a view to making that component of a facility operational. External advice would be sought from external carbon market specialists on how the market might best be employed in the longer term in terms of a facility. A representative from the World Bank Treasury Department would attend the 59th Meeting of the Executive Committee to present mechanisms for dealing with additional financing and blending Multilateral Fund funds with carbon financing.

Report on emission reductions and phase-out of carbon tetrachloride (decision 58/38)

The Executive Committee considered the report, prepared by the Secretariat on emission reductions and phase-out of carbon tetrachloride (CTC) in Article 5 and non-Article 5 countries. The report provided a comprehensive picture of the global production and use of CTC as process agent and feedstock. It examined a number of chemical production processes and the associated CTC production, destruction, feedstock and emission and also the unresolved difference between the emissions calculated from atmospheric data and those based on information from industry and Article 7 reports. The Executive Committee requested the Secretariat to bring the report to the attention of relevant Montreal Protocol bodies, in particular the Scientific Assessment Panel (SAP) and the Technology and Economic Assessment Panel (TEAP).

Provisional 2008 accounts (decision 58/39)

The Executive Committee noted the Multilateral Fund's 2008 provisional financial accounts and that the 2008 final accounts would be submitted to the 59th Meeting of the Executive Committee. The Committee also noted that UNEP, including the Multilateral Fund, had been subject to an external audit over June and July 2009 and that the external auditors had visited Montreal from 15 to 26 June 2009.

Report to the Meeting of the Parties (decision 58/40)

The Executive Committee noted the draft report of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to the Twenty-first Meeting of the Parties and authorized the Secretariat to finalize it in light of the discussions held and decisions taken at the 58th Meeting.

59th and 60th Meetings of the Executive Committee

The Executive Committee's 59th Meeting would take place in Egypt from 10 to 14 November 2009, back-to-back with the Twenty-first Meeting of the Parties to the Montreal Protocol. The 60th Meeting was provisionally scheduled for 12 to 16 April 2010 in Montreal.

Treasury Services

The 2004 Agreement between UNEP as Treasurer of the Multilateral Fund and the Executive Committee (decision 42/42) stipulates that UNEP would receive US \$500,000 annually for its services as Treasurer, and that sum would remain unchanged for a period of five years. The Executive Committee had approved the sum of US \$500,000 for 2009, as part of the Secretariat's 2009 budget (decision 53/43) but there was no decision for 2010 onwards. The Executive Committee agreed to defer consideration of remuneration for UNEP's Treasury services to the 59th Meeting.

Report of the 58th Meeting

A complete record of all decisions made at the 58th Meeting, including those covered in this

document, can be found in the ‘Report of the Fifty-eighth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol’ (UNEP/OzL.Pro/ExCom/58/53), which is published on the Multilateral Fund’s website (www.multilateralfund.org). The report is available in Arabic, Chinese, English, French, and Spanish.

Annex I - Attendance at the 58th Meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Australia	Canada
Belgium	Netherlands
Germany	France, Italy, and the United Kingdom
Japan	
Romania	
Sweden (Chair)	Austria, Finland and Switzerland
United States of America	
Article 5	
Bolivia	Argentina, Brazil, Colombia and Uruguay
China	India and Malaysia
Dominican Republic (Vice Chair)	Mexico
Gabon	Mali and Morocco
Georgia	Croatia and the Kyrgyz Republic
Namibia	Kenya
Yemen	Kuwait and Qatar