



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

Post Meeting Summary of Decisions of the 40th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 40th Meeting of the Executive Committee was attended by the representatives of 13 of the 14 Executive Committee members, who co-opted participants from 18 countries (see Annex 1). The Executive Committee considered the progress reports of the bilateral and implementing agencies, the accounts of the Multilateral Fund, the evaluation of the 2002 business plans, approved investment projects and other activities in the amount of US\$ 25 million in 25 Article 5 countries including projects for the total phase-out of CFC production in Mexico, CTC production and consumption in India, and CFC consumption in DPR Korea and Trinidad and Tobago. **(Decisions 40/25 to 40/48 inclusive and 40/54).**

The Executive Committee took a total of 58 decisions concerning the above activities, as well as on important policy issues associated with the service of the Treasurer, and criteria for project funding to accelerate phase-out and/or maintain momentum, among others. The Committee also completed the process of nominating the next Chief Officer.

Recommendation on the Nomination for the Post of the Chief Officer

The recruitment committee which was chaired by Japan reviewed applications and interviewed a number of candidates prior to the 40th meeting. Their report was presented to the Executive Committee in closed session and following this an Executive Committee recommendation was sent to the UN Secretary General.

Services of the Treasurer (Decision 40/3)

In 2002 UNEP had indicated that it was no longer in a position to provide the services of treasurer without the reimbursements of costs. This led the Executive Committee to consider at its 40th meeting proposals and costs from UNEP, UNIDO, ICAO and the World Bank. The Executive Committee requested the Secretariat to collect additional information on services available in other organizations and draft a new agreement so that the Committee would be in a position to define more precisely the services required of the Fund treasurer. The Executive Committee requested UNEP to continue as treasurer in the meantime and agreed to reimburse UNEP for the costs of doing so.

Financial and Business Planning (Decision 40/7)

The Executive Committee established prioritized criteria for the purpose of accelerating phase-out and/or maintaining momentum and identified potential sources of funds for a special funding window for this purpose. The amount of any special funding will only be established after the 41st meeting when the level of un-allocated funds from the first year of the 2003-2005 business plan will become apparent.

Progress Reports of Implementing and Bilateral Agencies (Decision 40/8)

Progress reports are presented by the implementing and bilateral agencies once a year. These reports present accomplishments in terms of disbursement rates, project completion and ODS phase-out. The reports showed that targets for disbursements and phase-out in 2002 had been fully achieved. Since the financial information in the progress reports did not appear to be consistent with the report of the treasurer of the Fund, the Executive Committee requested agencies to re-submit their financial information in their progress reports for the purpose of reconciliation to the 41st meeting.

Project Implementation Delays (Decision 40/17)

At the 40th meeting 90 projects were classified as having implementation delays, i.e., projects expected to be completed over 12 months late or where disbursement occurred 18 months after project approval. These projects are subject to the Executive Committee's procedure for projects cancellation and will continue to be monitored at subsequent Executive Committee meetings. The Executive Committee cancelled 4 projects: one each in Argentina, China, Iran and Venezuela.

Status of Article 5 Countries in Achieving Compliance with the Initial and Intermediate Control Measures of the Montreal Protocol (Decision 40/19)

After considering the report provided by the Secretariat on the status of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol, the Executive Committee noted that 2002 CFC consumption data reported to the Fund Secretariat for 8 countries (Bangladesh, Belize, Bolivia, Cameroon, Ethiopia, Namibia, Nepal and Nigeria) was below the CFC freeze levels, indicating that these countries may return to compliance when their situation is considered by the Parties at their next meeting. The Secretariat's report also identified 22 countries that should be considered for particular assistance in relation to the phase-out of ozone depleting substances other than CFCs. The Executive Committee requested bilateral and implementing agencies to include relevant activities for these countries in their 2004/2005 business plans.

Project Review Issues

The Executive Committee discussed ways to reorient the approach to the formulation and implementation of refrigerant management plans to better facilitate the achievement of CFC

phase out targets that countries need to meet to comply with the control measures of the Montreal Protocol and decided to set up a working group to take the matter forward. The working group will meet on the margins of the 41st Meeting. **(Decision 40/20).**

Previously, the Executive Committee had agreed on the circumstances that were a prerequisite for considering terminal CFC phase out plans (TPMPs) for low volume consuming (LVC) countries (Decision 38/64). Since such plans represented the final funding an LVC country might receive to phase out all its CFC consumption, and in view of the current ready availability and low cost of CFCs in many Article-5 countries, the Committee urged LVC countries to consider very carefully whether it was in their interests at this stage to request final funding to achieve total phase-out. The Committee requested bilateral and implementing agencies to give priority instead to assisting countries with implementation of already-approved Refrigerant Management Plans. The Committee further urged all Article 5 parties still considering the preparation of TPMPs to ensure that all the provisions of Decision 38/64 were complied with. Since TPMPs generally involve complete phase-out prior to the Montreal Protocol date of 1 January 2010, the Committee urged countries to ensure that the acceleration of phase-out proposed under a TPMP was consistent with the criteria for funding of accelerated phase-out which was also adopted at the 40th Meeting. **(Decision 40/21).**

At the 40th meeting the Executive Committee decided to approve the terminal phase-out management plan for CFCs for Trinidad and Tobago in accordance with an agreement made with the Committee. **(Decision 40/55).**

Work of the Sub-Committees on Monitoring, Evaluation and Finance, and Project Review (Decision 40/52)

With the Multilateral Fund now operating in the compliance period, the Executive Committee has recognised that the nature of its work may change and that therefore some reorganization of its activities/work and that of its two sub-committees may be necessary. The Executive Committee decided that a number of planning activities affecting compliance should in future be addressed by the full Executive Committee rather than by a sub-committee. The Executive Committee also decided that some activities of a more routine nature could easily be handled by the Secretariat and Implementing Agencies with appropriate reports to the Executive Committee. In order to take the issue of re-organization forward, the Executive Committee will consider at its 41st meeting, options for restructuring its work and will look in particular at the terms of reference of the two Sub-Committees.

Information Strategy (Decision 40/53)

The Executive Committee approved funding for the development of a new web site with a strong image of the Fund and an intranet to serve as a communication platform for the Secretariat, the Executive Committee and the Implementing agencies. The launch of the new web site and intranet are planned for November 2003.

Production Sector (Decision 40/54)

The Executive Committee committed in principle a total of US \$52 million to support elimination of the consumption and production of CTC in India. The US \$52 million will be provided to India in tranches based on a payment schedule linked to annual reductions in production and consumption. The Executive Committee will consider an agreement on the annual work programmes and the payment schedules at its 41st meeting in December 2003. In the meantime a first tranche of US \$5 million was approved at the 40th Meeting to enable India to commence with the priority task of reducing its consumption of CTC by 85% by 1 January 2005 as required under the Montreal Protocol control measures.

US\$ 31.85 million from the Multilateral Fund will go to Mexico which has agreed to the gradual cessation of its CFC production. Closure of Mexico's CFC production capacity, currently estimated at 13,000 tonnes per annum, will significantly reduce the availability of CFCs in neighbouring countries and thus accelerate their replacement with substitutes that do not harm the ozone layer.

Study to evaluate the Financial Mechanism of the Multilateral Fund (Decision 40/56)

In early July 2003, the Open-ended Working Group decided to forward to the Fifteenth Meeting of the Parties for its consideration the terms of reference for a study to evaluate the Financial Mechanism of the Multilateral Fund. The Executive Committee decided to set aside US \$500,000 from the funds returned by the implementing agencies at the 40th meeting pending a decision of the Parties on how to fund such a study.

Vote of Thanks to Dr. Omar El-Arini (Decision 40/57)

The Executive Committee expressed its deep gratitude to Dr. El-Arini for his outstanding contribution to the Multilateral Fund. In view of the remarkable role he played in the successes and achievements of the Multilateral Fund since 1991, the Committee bestowed Dr. El-Arini the title of "Honorary Chief Officer".

Report of the 40th Meeting

For a complete record of all decisions made at the 40th meeting including those discussed in this document, the reader is referred to the 'Report of the Fortieth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/40/50) which can be found on the Multilateral Fund's web site (www.unmfs.org) in Arabic, English, French and Spanish.

Annex 1 - Attendance at the 40th meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Austria	Sweden
Belgium	
Canada ¹	
France ²	Italy, Germany, United Kingdom
Japan ³	
United States of America	
Article 5	
Bolivia	Argentina, Cuba
Burundi	Niger, Guinea
El Salvador ⁴	Brazil, Honduras, Mexico
India	China, Thailand
Jordan	Iran, Qatar, Syria
Mauritius	Sudan
Saint Lucia	Belize

¹ Chair of sub-committee on Monitoring, Evaluation and Finance

² Chair of sub-committee on Project Review

³ Chair of Executive Committee

⁴ Vice-Chair of Executive Committee

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