



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

Post Meeting Summary of Decisions of the 41st Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 41st Meeting of the Executive Committee was attended by the representatives of the 14 Executive Committee member countries, who co-opted participants from 20 further countries (see Annex 1). The Executive Committee considered 192 projects and activities from 73 countries and 10 country programmes or country programme updates, and approved a total of US \$96 million for phase-out activities in 60 Article 5 countries. The Committee agreed to commit a further US \$31 million that will lead to the phase-out of carbon tetrachloride (CTC) in North Korea and Pakistan, and all chlorofluorocarbons (CFCs) in Colombia, Ecuador, Iran, Lesotho, Libya and Mauritius, as well as the total phase-out of ozone depleting solvents in Chile, Jamaica, Romania and Turkey. In addition, the funds provided will convert Cuba's metered dose inhaler (MDI) industry to CFC free MDI manufacturing technology.

The Executive Committee took a total of 101 decisions concerning the above activities, as well as on policy items associated with the service of the Treasurer, strategic business planning, the administrative cost regime, concessional lending, the work of the sub-committees and refrigerant management plans among others.

Appointment of the Chief Officer (Decision 41/1)

The Chair of the Executive Committee welcomed the Chief Officer-designate, Ms Maria Nolan. Ms. Nolan attended the meeting as a member of the French delegation; she takes up the position of Chief Officer in February 2004. The Executive Committee also decided to place the issue of Decision XV/48 of the Fifteenth Meeting of the Parties, concerning the terms of reference of the Executive Committee relating to the nomination and appointment of the Chief Officer, on the agenda of 42nd Meeting.

Services of the Treasurer (Decision 41/3)

At its 40th meeting the Executive Committee requested UNEP to continue acting as Treasurer pending further deliberations on a new agreement (Decision 40/3). After reviewing a draft agreement and the services available in other organizations, the Executive Committee

requested UNEP to remain as Fund Treasurer and decided to negotiate a new agreement with UNEP which would specify a fixed annual fee for a period of 5 years.

Treatment/Encashment of Promissory Notes (Decision 41/4)

The Executive Committee discussed a proposal for a study on the historical use of promissory notes and requested the Treasurer to provide a report on promissory notes to date including any exchange rate loss or gain that resulted to the Fund from the use these notes. The report will also include rules and/or systems for the transparent and equitable encashment of promissory notes used in other forums, with a view to determining the advisability of standardized rules for the use of promissory notes.

Project Implementation Delays Report (Decision 41/8)

At the 41st meeting, 162 projects were classified as having implementation delays: projects expected to be completed over 12 months late or where disbursement did not occur until 18 months or more after project approval. These projects are subject to the Executive Committee's procedure for possible project cancellation and will continue to be monitored at subsequent Executive Committee meetings. The Executive Committee cancelled one project in Panama and adopted milestones and deadlines for a number of other delayed projects. In the case of four foam projects in Morocco the Executive Committee approved an extension until the 42nd meeting to allow implementing agencies and the Government of Morocco to refine an agreement under which the companies involved would complete their conversion to liquid carbon dioxide (LCD) technology.

Study to evaluate the Financial Mechanism of the Multilateral Fund (Decision 41/9)

At its 40th Meeting, the Executive Committee set aside US \$500,000 for possible funding of the study to evaluate the financial mechanism. However since Decision XV/52 of the Fifteenth Meeting of the Parties provided funds for this review, the Executive Committee cancelled the set-aside.

Project Review Issues

Criteria for accelerating phase-out and/or maintaining momentum and the special funding window (Decisions 41/13 and 41/81)

At its 40th meeting 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 (Decision 40/7). These criteria are due to expire at the end of the 42nd meeting. At the 41st meeting the Executive Committee decided to take up the issue of the special funding window at its 42nd meeting (Decision 41/13) and requested the Secretariat inter-alia to provide guidance on a possible allocation for the window (Decision 41/81).

Consideration in 2004 of projects submitted too late for the 41st Meeting (Decision 41/14)

The Executive Committee decided that activities included in the 2003 business plan of the Multilateral Fund but not submitted to the Executive Committee in 2003 could be considered for funding at the 42nd Meeting if the projects were required to assist countries to meet 2005 compliance obligations.

Methodology for assessing multi-year progress reports and technical audits (Decision 41/15)

Funding for multi-year agreements is approved each year based on the satisfactory performance in meeting target and implementation programmes. Currently there are no uniform criteria for assessment of performance and the verification and audit processes. In some cases it can be difficult to ascertain if the targets were met and performance was verified. For these reasons the Executive Committee requested the Fund Secretariat to develop criteria for the assessment of annual reports and verification audits of multi-year agreements and report on this to the 43rd meeting.

Projects with data discrepancies: implementation of Decision 34/18 (Decision 41/16)

Since a number of projects were still being received by the Secretariat with discrepancies in ODS consumption data, the Executive Committee decided to request implementing agencies to ensure that they had verified with the National Ozone Unit, the consistency of Article 7 data, the country programme implementation data and the project phase-out data, prior to transmitting projects to the Secretariat for review.

Proposed changes to Sub-committee on Project Review procedures (Decision 41/80)

The Executive Committee decided to make a number of changes to the procedures used in the conduct of meetings by the Sub-Committee for Project Review. The Committee decided that cost-related issues associated with projects had to be resolved one week before a meeting of the Executive Committee otherwise the project should not be considered for approval. Other changes were made to ensure that Executive Committee received relevant information and documentation in a punctual manner and to facilitate the meeting process. The Executive Committee also requested the Secretariat to submit a document indicating the historical level of forward funding approved on an annual basis, and the implications for additional forward funding that would occur if all of the projects recommended for forward funding at the meeting were approved at that meeting. Given that the sub-committees were subsequently eliminated for a trial period (see Decision 41/92 below), the Secretariat will observe the above requirements in regard to the project approval process to be followed by the full Executive Committee at its 42nd Meeting.

Strategic Business Planning (Decision 41/81)

Following Executive Committee Decision 38/66 to adopt a three-year phase-out plan and three-year business plan for implementing agencies, there was a need for a mechanism to monitor performance under the plans and adherence to budgets. This would be addressed in a strategic

paper on the three year rolling phase-out plan and on the budget, which could serve as a compass in guiding the Executive Committee's review of the individual business plans of the agencies. The Executive Committee accordingly requested the Secretariat to prepare a financial planning document.

Work of the Sub-Committees on Monitoring, Evaluation and Finance, and Project Review (Decision 41/92)

At its 40th meeting the Executive Committee had decided that certain planning activities affecting compliance should be addressed by the full Committee (Decision 40/52). The Executive Committee examined options for improvement and decided to eliminate the Sub-Committee on Monitoring, Evaluation and Finance and the Sub-Committee on Project Review. From the 42nd meeting onwards all items will be examined in plenary making use of working groups as needed. This regime will be adopted on a trial basis for one year. At the final meeting in 2004 the Secretariat will report on the operation of the first two meetings of the year.

Production Sector (Decision 41/95)

At its 40th meeting, the Executive Committee committed US\$ 52 million to support the elimination of the production and consumption of CTC in India and requested the preparation of a detailed agreement for the implementation of this CTC phase-out plan and a 2004 annual work programme for consideration at the 41st Meeting of the Executive Committee. At its 41st meeting, the Executive Committee approved the CTC Sector Agreement in India and approved the balance of the 2003 tranche (US \$3,520,843). The Committee also requested the World Bank and the Government of India to submit a draft verification framework together with milestones for completion of the verification system for this Agreement at the 42nd Meeting of the Executive Committee. Under the agreement India is committed to reduce its production and consumption of CTC by 85% by 1 January 2005 to comply with Montreal Protocol control measures.

The Executive Committee approved US\$ 40,000 to fund the project preparation for the World Bank to develop a project to phase-out Venezuela's CFC production. Currently Venezuela is a significant producer and consumer of CFCs and cessation of its production capacity, estimated at 12,000 tonnes per annum, will be an important addition to national phase-out programmes in the region.

Liquid carbon dioxide (LCD) technology and guidelines for LCD projects (Decision 41/77)

Following its consideration of a study on LCD technology at its 39th meeting, the Executive Committee decided that no further approvals of projects utilizing LCD technology will be made pending a follow-up study on companies that were successfully using LCD technology in Article 5 countries. This decision had been taken since the majority of enterprises that received LCD technology suffered implementation delays (Decision 39/52). After consideration of the follow-up study the Executive Committee decided that any future projects for LCD technology would have to be developed taking fully into consideration a number of technical criteria and the contribution of the technology to reducing CFC-11 consumption in order to achieve country

compliance with CFC control measures, and that countries should provide written confirmation that they understood the possible problems with the application of the technology.

Country Programmes and Country Programme Updates (Decisions 41/82 to 41/91)

The Executive Committee approved the country programmes of Cambodia, Liberia, Rwanda, Sierra Leone, and Suriname and country programme updates of Colombia, Iran, Mexico, Morocco, and Pakistan noting that approval did not denote approval of the projects identified therein or their funding levels.

In regard to the Country Programme Update for the Islamic Republic of Iran, the Executive Committee noted in addition that approval of the country programme update did not denote approval of the ODS consumption data contained therein. The Executive Committee also requested UNEP and UNIDO to address the issues raised by the Fund Secretariat regarding CTC and TCA data discrepancies, to revise the country programme update document accordingly and to resubmit it, using the format approved in Decision 35/58, to a future meeting of the Executive Committee

In respect to the country programmes for Cambodia, Liberia, Rwanda, Sierra Leone and Suriname approval of the Country programme was without prejudice to any decisions that might be taken by the Parties following consideration by the Implementation Committee of the consumption data submitted under Article 7 of the Montreal Protocol by the respective Governments.

Open-ended working group on refrigerant management plans (RMP) (Decision 41/100)

Following a meeting of a working group on RMPs set up by a decision of the 40th meeting (Decision 40/20), a report was presented to the Executive Committee on ways to reorient the formulation and implementation of RMPs to facilitate the achievement of the Montreal Protocol's CFC phase out targets that countries have to meet. The Executive Committee decided that in certain cases Implementing Agencies and Article 5 countries should have flexibility in preparing and implementing RMPs in order to reflect changing circumstances and indicated a number of considerations that should be taken into account including support for the development of legislation, concentrating recovery and reuse of CFC on large-size commercial and industrial installations and mobile air conditioner (MAC) sectors, the possibilities for facilitating cost-effective retrofitting, being more selective in providing new recovery and in particular recycling equipment, and monitoring the use of equipment and knowledge acquired by the beneficiaries.

Report of the 41st Meeting

For a complete record of all decisions made at the 41st meeting including those discussed in this document, the reader is referred to the 'Report of the 41st Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/41/87) 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 41st 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
Hungary	
Japan ³	
United States of America	
Article 5	
Bolivia	Argentina, Brazil, Colombia, Paraguay
Burundi	Niger, Guinea
El Salvador ⁴	Venezuela, Mexico
India	China, Thailand
Jordan	Iran, Syria
Mauritius	Sudan, Zambia
Saint Lucia	Bahamas, Cuba

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

