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**Nineteenth Meeting of the Parties to
the Montreal Protocol on Substances that
Deplete the Ozone Layer**
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Item 6 of the provisional agenda of the high-level segment *

**Presentation by the Chairman of the Executive Committee of
the Multilateral Fund for the Implementation of the
Montreal Protocol on the work of the Executive Committee,
the Multilateral Fund Secretariat and the Fund's implementing agencies**

**Report of the Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol to the
Nineteenth 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 Executive Committee to report annually to the Meeting of the Parties. The present report, which covers the activities undertaken by the Executive Committee since the Eighteenth Meeting of the Parties, is submitted in fulfilment of that requirement. The report includes three annexes: Annex I containing tables with data on project approvals; Annex II containing an assessment report on implementation of the recommendations contained in 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 50th Meeting of the Executive Committee was held in New Delhi from 6 to 10 November 2006, the 51st in Montreal from 19 to 23 March 2007 and the 52nd in Montreal from 23 to 27 July 2007. The reports of those meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/50/62, UNEP/OzL.Pro/ExCom/51/46 and UNEP/OzL.Pro/ExCom/52/55 respectively and are available on the Multilateral Fund's web site (www.multilateralfund.org).
3. In accordance with decision XVII/44 of the Seventeenth Meeting of the Parties, the 50th Meeting of the Executive Committee was attended by Australia (Vice-Chair), Belgium, the Czech Republic, Italy, Japan, Sweden and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by Brazil, Burundi, Guinea, India, Mexico, the Syrian Arab Republic (Chair) and Zambia, representing Parties operating under paragraph 1 of Article 5, and was chaired by Mr. Khaled Klaly (Syrian Arab Republic), with Ms. Lesley Dowling (Australia) acting as Vice-Chair.

* UNEP/OzL.Pro.19/1.

4. In accordance with decision XVIII/2 of the Eighteenth Meeting of the Parties, the 51st and 52nd Meetings of the Executive Committee were attended by Belgium, Canada (Chair), the Czech Republic, Italy, Japan, Sweden and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by China, Guinea (Vice-Chair), Jordan, Mexico, Saint Lucia, Sudan and Uruguay, representing Parties operating under paragraph 1 of Article 5, and were chaired by Mr. Philippe Chemouny (Canada), with Mr. Elhadj Mamadou Nimaga (Guinea) acting as Vice-Chair. Ms. Maria Nolan, Chief Officer, acted as Secretary for all the Meetings.

A. Procedural matters

1. Contact group to discuss a study on the treatment of ODS

5. The 50th Meeting established a contact group, with the representative of Australia as facilitator, to discuss the draft terms of reference for a study pursuant to decision 49/36 and in light of XVIII/9 of the Eighteenth Meeting of the Parties regarding collection, recovery, recycling, reclamation, transportation and destruction of unwanted ozone-depleting substances. Progress on the issue of the treatment of unwanted ODS is discussed in paragraphs 79 and 80 of this report.

2. Contact group on funding for the phase-out of CFC consumption for MDI manufacturing and the need for transition strategies

6. At its 51st Meeting, the Executive Committee set up a contact group, with the representative of Mexico as facilitator, to discuss funding for the phase-out of CFC consumption for MDI manufacturing and the need for transition strategies in the context of options for addressing the situation of countries referred to in decision XVII/14 of the Seventeenth Meeting of the Parties. The results of the contact group's deliberations appear in paragraph 82 below.

3. Stockholm Group

7. The 50th Meeting heard a report on the informal discussions of the Stockholm Group to Strengthen the Montreal Protocol. The Group acted as an informal forum in which experts and other interested parties could freely express their individual opinions on ozone-related issues. At its meeting held in July 2006 the Group had expressed particular concern at the perverse incentives that might lead to an increase in production of HCFC -22 in developing countries and had stressed the importance of continuing to develop the scientific and technical basis for policy decisions.

8. An update on the third Meeting of the Stockholm Group was provided at the 51st Meeting. The Group had recommended that a timely proposal for an amendment to the current HCFC control measure be considered at the Nineteenth Meeting of the Parties in September 2007. An agreement in 2007 on that control measure would allow the Parties to request an evaluation of the costs associated with the commitments of Article 5 Parties as part of the study for the replenishment of the Multilateral Fund for 2009-2011.

9. An informal meeting of the Stockholm Group was held in the margins of the 52nd Meeting.

4. Contact group on the proposal for accelerated phase-out of CFC production in Argentina

10. The 52nd Meeting established an informal contact group composed of four countries operating under Article 5 of the Protocol, namely, China, Guinea, Mexico and Uruguay, and four countries not operating under Article 5, namely, Canada, Italy, Sweden and the United States of America, with a representative of the Ozone Secretariat as an observer, to discuss the proposal by the World Bank for the accelerated phase-out of CFC production in Argentina. The results of the contact group's deliberations appear in paragraph 46 below.

B. Financial matters

5. Status of contributions and disbursements

11. As at July 2007, the total income to the Multilateral Fund, including cash payments, promissory notes held, bilateral contributions, interest earned and miscellaneous income, amounted to US\$2,283,979,096, and total allocations, including provisions, amounted to US\$2,201,140,465. The balance available at July 2007 therefore amounted to US\$82,838,630.

12. 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 | 133,466,667 | 101,308,268 | 32,158,399 |
| 2007* | 133,466,667 | 64,795,906 | 68,670,761 |
| Total: | 2,313,270,933 | 2,093,596,558 | 219,674,374** |

*Note: As of July 2007. ** This figure does not include any disputed contributions.

6. Interest collected during the 2006-2008 triennium

13. As at July 2007, the total level of interest recorded in the Treasurer's accounts amounted to US\$16,971,770 for the 2006-2008 triennium.

7. Bilateral contributions

14. During the period under review, the Executive Committee approved requests by Australia, Canada, France, Germany, Italy and Switzerland to credit bilateral assistance amounting to a total of US\$5,370,183. This brings the total for bilateral cooperation, since the inception of the Multilateral Fund Secretariat, to US\$119,474,027 (excluding cancelled and transferred projects) representing approximately 5 per cent of funds approved. The range of bilateral projects approved included, *inter alia*, CFC and ODS phase-out plans, technology transfer for the phase-out of methyl bromide, national CFC consumption phase-out plans focusing on the refrigeration sector, terminal phase-out management plans (TPMPs) for Annex A (Group I) substances, sector phase-out plans for CTC consumption and production, an umbrella project for terminal phase-out of ODS in the solvent sector, support for a national ozone unit and for the Latin American Customs Enforcement Network.

15. The 50th Meeting, pursuant to decision 49/19(a), decided to inform the Parties that the bilateral requests of Germany and Switzerland exceeded the 20 per cent allocation of contributions for bilateral agencies for 2006 (decision 50/16). Subsequently, the 51st Meeting decided to inform the Parties of the level of bilateral contribution assigned to Germany's contribution for 2008 (decision 51/20) as the activities proposed in Germany's 2007 and 2008 business plans exceeded its bilateral contribution. It noted that, in order to accommodate Germany's activities in 2007 and 2008 within the 20 per cent allocation for the 2006-2008

triennium, India had agreed that part of the 2008 tranche for India's national phase-out plan be funded in 2009 (decision 51/6).

8. Issues pertaining to contributions

Contributions in arrears

16. As at July 2007, the accumulated arrears for 1991-2007 stood at US\$219,674,374. Of this amount, US \$110,089,984 is associated with countries with economies in transition (CEITs), and US \$109,584,390 with non-CEIT countries. Outstanding contributions for 2007 amounted to US \$68,670,760.

Timely payment by donor countries

17. At both the 50th and 51st Meetings, Members of the Executive Committee expressed concern at the late payment of pledges. The 51st Meeting, in particular, noted the lack of liquidity and of adequate resources to allow projects to be approved, especially as the 2010 deadline was fast approaching (decisions 50/1 and 51/2). The 52nd Meeting, noting that the 2007 pledges received by July 2007 represented the highest percentage ever recorded by the Executive Committee at its second meeting of the year, thanked those Parties that had already made their contributions for 2007. Parties unable to make their contributions in full by 1 June of each year were asked to notify the Treasurer as to when during the calendar or fiscal year their payment would be made; contributing Parties were asked to strive to make their contributions no later than 1 November of that year (decision 52/1).

Promissory notes

18. In addressing the Treasurer's concern over the low level of cash in the Fund and the implementing agencies' reluctance to accept promissory notes that were not encashable on demand, the 50th Meeting urged those countries still holding promissory notes to take the necessary action to accelerate their encashment and the 51st Meeting requested Parties continuing to use promissory notes to do their utmost to meet the Treasurer's request for their accelerated encashment in order to mitigate cash flow problems. Furthermore, in the context of the 2009-2011 replenishment, the 51st Meeting encouraged Parties to make their contributions in the form of cash in order not to delay project implementation by implementing agencies (decisions 50/1 and 51/3).

Contribution by the Government of India

19. The Government of India agreed to contribute US \$130,000 to cover the costs of hosting the Fiftieth Meeting of the Executive Committee in New Delhi, India, as opposed to holding it in Montreal.

9. Accounts of the Multilateral Fund

Final 2005 accounts

20. The 50th Meeting considered the final accounts for 2005 and, in view of the auditor's observation on US \$82 million of receivable contributions that had been outstanding for more than five years, decided to draw the attention of the Meeting of the Parties to the need for all outstanding contributions to be paid (decision 50/43).

Reconciliation of the 2005 accounts

21. The 50th Meeting reviewed the reconciliation of the 2005 accounts and requested the submission of additional information to the 51st Meeting. It noted that the implementing agencies were unable to commit to project expenditures against promissory notes without assurance that the promissory notes were encashable upon demand. Accordingly, it requested the Treasurer to review the Executive Committee's policy on promissory notes in recognition of financial requirements to reflect the emerging business circumstances of the Multilateral Fund. The Treasurer was also requested to provide a schedule for the encashment of promissory notes as additional information on the status of contributions and disbursements (decision 50/44). Subsequently the ledger of promissory notes was provided to the 51st and 52nd Executive Committee meetings as part of the document on the status of the Fund.

Provisional 2006 accounts

22. The 52nd Meeting considered the provisional accounts for 2006 and after receiving clarification regarding some items agreed that the final 2006 accounts should be submitted to the Executive Committee's 53rd Meeting (decision 52/45).

2007, 2008 and 2009 budget of the Fund Secretariat

23. The 50th Meeting approved the revised budget of the Fund Secretariat for 2007, adjusted to introduce the Secretariat's operational costs and maintain them at the same levels as in previous years. The 50th Meeting also approved the 2009 salary component of the budget, reflecting staff costs for 2009, so as to enable extension of staff contracts based on the 2008 staff salary component approved at the 48th Meeting, taking into account the standard 5 per cent inflation rate against the 2008 level. The Executive Committee also approved funding of US \$300,000 for the cost of the study on destruction of unwanted ODS mentioned in paragraphs 5, 79 and 80 (decision 50/45) and a total of US \$210,000, exclusive of travel costs to cover the comprehensive independent assessment of the administrative costs required for the 2009-2011 triennium (decisions 51/38 and 52/42) (see paragraph 26).

10. Treasury Services

24. The Executive Committee approved the US \$500,000 annual allocation to UNEP for the provision of treasury services and to upgrade the post of the Administrative and Fund Management Officer to a grade P-5 to secure backstopping treasury functions in the Secretariat at no extra cost to the Multilateral Fund (decisions 50/45 and 51/39).

11. 2007 core unit costs for UNDP, UNIDO and the World Bank

25. The 50th Meeting considered a review of the 2005 actual costs and the 2006 estimated costs and the 2007 proposed costs with the purpose of agreeing on the core unit costs for 2007. It approved US\$1.751 million for core unit funding for 2007 each for UNDP and UNIDO and US\$1.58 million for the World Bank (decision 50/27).

12. Comprehensive independent assessment of the administrative costs required for the 2009-2011 triennium

26. The Executive Committee authorized the Secretariat to undertake a comprehensive independent assessment of the administrative costs required for the 2009-2011 triennium and to report its conclusions to the first Meeting of the Executive Committee in 2008. The 51st Meeting adopted the terms of reference for the aforementioned assessment, which required the consultant or consulting firm to consider, *inter alia*, the agencies' current administrative costs with a view to proposing any changes to the existing regimes if needed (decisions 50/27 and 51/38). The 52nd Meeting was informed that the analytical study budget for the comprehensive independent assessment exceeded the amount determined at the 51st Meeting by US \$60,000 and that a further US \$35,000 were required for related travel costs. After hearing explanations from the Secretariat, it approved the amounts requested (decision 52/42) (see paragraph 23).

13. Compliance Assistance Programme (CAP) budget

27. The 50th Meeting approved the CAP budget for 2007 contained in UNEP's 2007 work programme, at an amount of US \$8,003,000 plus agency support costs of 8 per cent, amounting to US \$640,240. The approval was subject to a certain number of conditions (decision 50/26). The 52nd Meeting approved the addition of US \$200,000 for one year only to the budget of the Compliance Assistance Programme (CAP), approved at the 50th Meeting of the Executive Committee, for regional workshops on metered-dose inhalers (MDIs) in Article 5 countries as part of networking activities (decision 52/29).

C. Business planning and resource management

14. 2006 business plans

28. The 50th Meeting noted with concern that certain projects required for compliance, and contained in implementing agencies' 2006 business plans, had not been submitted to the Meeting. After listening to the explanations given by the implementing agencies, the Executive Committee requested the agencies to give the highest priority to submission of projects required for compliance and included in annual business plans. Bilateral and implementing agencies were also requested to submit reasons why such projects had not been submitted for inclusion in the documentation for Executive Committee Meetings (decision 50/3).

15. Evaluation of the 2006 business plans

29. The 52nd Meeting noted that in 2006 the agencies had achieved at least 75 per cent of their targets whereas the figure was 82 per cent for 2005. The Committee was also informed of the findings of the qualitative assessment of the implementing agencies' performance by national ozone units, which showed that, overall, 85 to 91 per cent considered performance to be highly satisfactory or satisfactory. As only 12 countries had replied to the assessment questionnaire, the Executive Committee requested the UNEP CAP to include, as an agenda item at its network meetings taking place before May 2008, assistance in the completion of the qualitative performance questionnaire (decision 52/14).

16. 2007 business plans

30. The 52nd Meeting indicated its concern at the large number of projects required for compliance that had not been put forward for approval at the time of the Meeting and requested bilateral and implementing agencies to submit those activities required for compliance in their 2007 business plans to the 53rd Meeting (decision 52/3). It also noted that the value of forward commitments approved at the 52nd Meeting was below the value in the Multilateral Fund's 2007-2009 business plan by US \$259,899.

31. The Meeting requested the Secretariat, using the compliance-oriented model, to list separately those activities required for compliance and those not required for compliance in their reviews and recommendations submitted to meetings (decision 52/3).

17. 2007-2009 business plan of the Multilateral Fund

32. The 2007-2009 consolidated business plan of the Multilateral Fund, encompassing the bilateral and multilateral agencies' 2007-2009 business plans, was considered at the 51st Meeting. This Meeting also endorsed the individual 2007-2009 business plans for the implementing agencies together with the relevant performance indicators, making a number of comments and recommendations.

33. A paper on priorities for the 2006-2008 triennium outlining the needs beyond those identified by the model rolling three-year phase-out plan was considered by the 50th Meeting, which requested the Secretariat to prepare an interim report to be considered at the 51st Meeting. Accordingly, the 51st Meeting, after an in-depth discussion, agreed to regard the following areas as priorities when allocating the US \$61 million in unallocated funds to activities not required for compliance, according to the compliance-oriented model rolling three-year phase-out plan for 2007-2009:

- Additional funding initiatives outside the budget, namely:
 - Additional activities/studies currently outside the budget, on a case-by-case basis;
 - CFC solvents;
 - Activities in countries that were currently not Parties, on the understanding that funds would not be disbursed until the country had become a Party;
 - TPMP preparation and a TPMP for Armenia;
 - Institutional strengthening, on a case-by-case basis;

- Methyl bromide (MB) consumption in Parties that had not ratified the Copenhagen Amendment, on the understanding that funds would not be disbursed until ratification had occurred, not even for project preparation;
- Acceleration of CFC production phase-out;-
- It was also agreed to consider the following areas as priorities, on a case-by-case basis:
 - Combating illegal trade;
 - Halon not required by the model rolling three-year phase-out plan;
 - Accelerated MB phase-out;
 - MB non-investment projects;
 - Metered-dose inhaler (MDI) activities, in accordance with decision 51/34.

34. The final report on priorities was presented to the 52nd Meeting.

35. At the 51st Meeting the Executive Committee further agreed to remove HCFC activities and ODS disposal from the 2007-2009 business plans for the time being on the understanding that the issues would be considered at the first meeting of the Executive Committee in 2008. It urged bilateral and implementing agencies to increase their efforts to implement approved projects to facilitate achieving the 2007 reduction in controlled substances, noting that 35,945 ODP tonnes were scheduled to be phased out in 2007 from approved projects (decision 51/5).

36. The 51st Meeting was apprised of a study on HCFC production and consumption in China, which stated that in 2005 China had become the world's largest HCFC producer and consumer. The Meeting expressed concern at the exponential growth in HCFC production and consumption. An information document was also presented to the 51st Meeting containing the results of nine HCFC surveys implemented by UNDP in selected Article 5 countries. It identified the main challenge related to the current pattern of unconstrained growth and noted that action was clearly needed to slow this down before the 2016 freeze target.

37. The 52nd Meeting was informed that the last three HCFC surveys conducted by UNDP had been completed. Broadly, the surveys had concluded that the refrigeration and air conditioning sectors were the predominant consumers of HCFCs, followed by the foam sector, that the dominant substances were HCFC-22, followed by HCFC-141b, and that comprehensive country strategies and action plans for HCFCs were needed. In the context of the final report on priorities the Secretariat was requested to prepare a document for discussion at the 53rd Meeting of the Executive Committee on options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities (decision 52/4).

18. Model rolling three-year phase-out plan: 2007-2009

38. The 50th Meeting adopted the 2007-2009 model rolling three-year phase-out plan as a flexible guide for resource planning for the corresponding triennium and urged Article 5 countries, with approved projects not yet implemented, as well as the cooperating bilateral and implementing agencies, to accelerate the pace of implementation during the 2007-2009 triennium. Moreover, bilateral and implementing agencies were urged to work with those countries that had been identified as needing immediate assistance to achieve the 2007 and 2010 phase-out targets in the Protocol and to include activities in their 2007-2009 business plans as appropriate (decision 50/5).

D. Fund achievements since inception

19. Total ODS phased out

39. Since 1991, 5,333 projects and activities (excluding cancelled and transferred projects) have been approved with the following geographical distribution: 2,283 projects and activities for countries in Asia and the Pacific; 1,353 for countries in Latin America and the Caribbean, 1,127 for countries in Africa, 305 for countries in Europe and 265 with global coverage. Of the 417,302 tonnes of ODS to be eliminated when all these projects are implemented, a total of

374,172 ODP tonnes of ODS had already been phased out by the end of 2006. 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 | 25,216 |
| Foam | 62,405 |
| Fumigant (methyl bromide) | 3,743 |
| Halon: production and consumption | 82,513 |
| Projects in multiple sectors | 455 |
| Process agent (production and consumption) | 37,878 |
| National phase out plan | 34,619 |
| Production | 76,275 |
| Refrigeration | 42,172 |
| Several | 554 |
| Solvent | 6,857 |
| Sterilant | 61 |
| Tobacco expansion | 1,424 |
| Total: | 374,172 |

*Excluding cancelled and transferred projects

20. Funding and disbursement

40. The total funds approved since 1991 by the Executive Committee to achieve this phase out and to implement both ongoing investment projects and all non-investment projects and activities are US \$ 2,186,811,773 including US\$213,268,690 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 | 521,718,089 | 421,416,317 |
| UNEP | 124,953,774 | 96,919,427 |
| UNIDO | 482,843,180 | 392,888,906 |
| World Bank | 937,822,703 | 748,954,005 |
| Bilateral | 119,474,027 | 74,139,511 |
| Total | 2,186,811,773 | 1,734,318,166 |

(1) As at 27 July 2007 (excluding cancelled and transferred projects)

(2) As at 31 December 2006 (excluding cancelled and transferred projects)

E. Funding approvals during the reporting period

21. Projects and activities approved during the reporting period (50th, 51st and 52nd Meetings of the Executive Committee)

41. During the reporting period, the Executive Committee approved a total of 228 additional projects and activities, with a planned phase-out of 25,372 ODP tonnes in the production and consumption of controlled substances. The total funds approved amounting to US \$140,621,292 including US \$14,753,211 for agency support costs, for project/activity implementation, are as follows by agency:

| Agency | US \$ | US \$ Support | US \$ Total |
|------------|-------------|---------------|-------------|
| UNDP | 15,129,081 | 2,897,652 | 18,026,733 |
| UNEP | 13,070,714 | 959,075 | 14,029,789 |
| UNIDO | 29,154,282 | 3,947,074 | 53,101,356 |
| World Bank | 63,779,045 | 6,314,186 | 70,093,231 |
| Bilateral | 4,734,959 | 635,224 | 5,370,183 |
| Total | 125,868,081 | 14,753,211 | 140,621,292 |

22. 2006 and 2007 work programmes

42. The 50th Meeting considered and approved amendments to the 2006 work programmes of UNDP, UNEP and UNIDO, subject to certain conditions. Amendments to UNEP's 2007 work programme were approved at the 51st Meeting, together with the 2007 work programmes of UNDP, UNIDO and the World Bank, subject to a number of comments relating to individual projects (decisions 50/15 and 50/17-25; 51/17 and 51/21-26).

43. The 52nd Meeting approved amendments to the 2007 work programmes of UNDP, UNEP, UNIDO and the World Bank (decisions 52/23 and 52/25; 52/26-29; 52/30 and 52/31).

23. Investment projects

44. Of the total funds approved in the period under review, the Executive Committee allocated US\$115,623,910, including US\$8,186,897 for agency support costs, for the implementation of investment projects which will eliminate an estimated quantity of 25,324 ODP tonnes in consumption and production of ODS. A breakdown by sector is given in table 2 of Annex I.

45. The Executive Committee also approved 22 new agreements, with commitments in principle totalling US\$15,862,561, as well as one revised agreement. Details of the amounts per country and sector can be found in table 3 of Annex I.

24. Accelerated phase-out of CFC production

46. The 52nd Meeting considered a proposal for accelerated phase-out of CFC production in Argentina and requested the World Bank to prepare a draft agreement for intersessional approval covering the necessary steps for completing the dismantling activities required and the verification to confirm that production closure and dismantling had taken place (decision 52/47).

25. Non-investment activities

Technical assistance and training

47. During the period under review, 21 technical assistance and training projects amounting to US \$9,886,365, including US \$762,865 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 \$181,462,102. This amount does not include the non-investment components of the multi-year phase-out agreements (MYAs).

Institutional strengthening

48. During the reporting period, US\$5,956,770, including agency support costs of US\$245,381, were approved for institutional strengthening projects. This brings the total approvals by the Executive Committee to US\$64,204,845 for institutional strengthening projects in 140 Article 5 countries. When approving funding for institutional strengthening projects, the Executive Committee expressed certain views that were annexed to the reports of the respective Meetings.

Country programmes

49. No country programmes were submitted to the 50th, 51st or 52nd Meetings.

26. Requests to amend ongoing projects

50. The 52nd Meeting considered a number of requests to amend ongoing projects, especially MYAs. Although no requests for additional funding were made, the proposed changes had implications for the allocation and use of funds already approved and for the activities in the existing agreements. Accordingly the Executive Committee considered each request separately and took the necessary decisions (decisions 52/18-22).

27. Verification of ongoing TPMPs in low-volume consuming countries

51. The 50th Meeting noted that, pursuant to decision 45/54 of the Executive Committee, the Secretariat had randomly selected two countries for verification of ongoing TPMPs for the first exercise in 2007. Funds were approved for the conduct of the audits in both countries.

28. Submissions that do not conform to Executive Committee requirements

52. At the 50th Meeting it was noted that incomplete submissions took up the Secretariat staff's time and meant that there was less time available for consideration of those submissions that were complete. The 50th Meeting therefore requested the Secretariat not to include in meeting documentation proposals for projects or activities that, by the submission deadline for each Meeting, did not contain the information or components necessary for their submission to be considered as potentially approvable. The Executive Committee would be provided with a list of all proposals received but not included in meeting documentation, together with the reasons for non-inclusion. This arrangement would be implemented on a trial basis for 18 months (decision 50/14).

29. Submission of country programme data

53. The 50th Meeting discussed the new reporting format for country programme data and urged the Secretariat to provide a means of entering country programme data on its web site, together with an explanatory manual on how to complete the new country programme data format to improve consistency in reporting (decision 50/4).

54. The 52nd Meeting reconfirmed existing Executive Committee guidelines regarding submission of country programme implementation data by 1 May each year and noted that country programme implementation data had to be submitted in advance of the last meeting of the year and subsequent meetings as a precondition for the approval and release of funding for projects. The Committee also requested CAP to allocate time during its regional network meetings for additional training on the web-based system (decision 52/5).

F. Monitoring and evaluation

30. Project completion reports (PCRs)

55. The 50th Meeting considered the 2006 consolidated project completion report, including the schedule for submission of PCRs due and the lessons learned, and made a number of recommendations to implementing and bilateral agencies. Given the wealth of information on lessons learned drawn from PCRs and annual reports on the implementation of MYAs, the Executive Committee asked all those involved in the preparation and implementation of projects to take them into consideration, and to facilitate discussions on lessons learned during regional network meetings (decision 50/8).

31. Project implementation delays

56. At the three Meetings held during the period under review, the Executive Committee noted that, with regard to projects classified as having to implementation delays, the Secretariat would take the established action according to its assessment of status and would notify the governments and implementing agencies concerned (decisions 50/10, 51/14 and 52/15). The 50th Meeting, *inter alia*, noted the transfer of components of a project at the request of the government concerned and also that one project would possibly be discontinued. Implementing agencies were requested to suggest ways of encouraging the timely implementation of projects subject to letters of possible cancellation and to emphasize the importance of projects to achieve compliance (decision 50/10).

57. Milestones and deadlines were adopted for two projects with implementation delays at the 51st Meeting. Information was also provided on the extent to which the milestones set by the Executive Committee for projects experiencing delays had been achieved (decisions 51/14 and 52/15).

58. The 52nd Meeting requested that high-level contacts be held with two governments in order to resolve ongoing difficulties in obtaining government approval for implementing components of projects approved by the Executive Committee (decision 52/15).

32. Annual tranche submission delays

59. The 50th Meeting noted that 38 of the 49 annual tranches of MYAs due for submission had been submitted on time, but that seven of them could not be considered for approval either because the submission was incomplete, a condition of approval had not been met, and/or the project document had not been signed. It decided to send letters to the relevant countries and agencies for annual tranches due for submission but not submitted to the Meeting and for annual tranches submitted but not considered for approval for the reasons indicated in the letter, encouraging the relevant Article 5 governments and implementing agencies to submit them to the 51st Meeting (decision 50/11).

60. The 51st Meeting was informed that 16 of the 38 annual tranches of MYAs due for submission had not been submitted on time and it decided to send the customary letters to the relevant countries and agencies (decision 51/15).

61. Likewise, the 52nd Meeting noted that 14 of the 39 annual tranches of MYAs due had not been submitted to the Meeting on time, 10 had been withdrawn owing to low disbursement of funds and one due to a mutual agreed change in schedule. The Committee decided to send the customary letters to the relevant countries and agencies (decision 52/16).

33. Issues related to monitoring and reporting on multi-year agreements

62. The 50th Meeting noted that implementing agencies had indicated difficulty with the reporting system for annual tranches of MYAs and decided to discuss innovative approaches for monitoring and reporting delays in MYAs at its subsequent Meeting (decision 50/40). At its 51st Meeting, the Executive Committee noted with satisfaction that considerable progress had been made towards achieving standardization in reporting, but that monitoring and reporting on MYAs still raised a number of problems. It adopted a new format for reporting on MYAs on an interim basis to be reviewed at the 53rd Meeting and requested the Secretariat to organize a workshop in the margins of that Meeting to discuss reporting in the light of the experience gained in using the new format (decision 51/13).

34. Implementation of approved projects with specific reporting requirements

63. At all Meetings held during the reporting period, the Executive Committee considered progress reports on the implementation of approved projects with specific reporting requirements and made a number of relevant recommendations, which can be found in decisions 50/12, 51/16 and 52/17.

35. Completed projects with balances

64. During the reporting period, the implementing agencies returned to the Multilateral Fund a total of US\$2,409,140, including US\$252,795 in agency support costs. The total funds returned from completed or cancelled projects are indicated in the table below:

| Agency | Total funds returned (US \$) | Total support costs returned (US \$) |
|------------|------------------------------|--------------------------------------|
| UNDP | 772,887 | 90,879 |
| UNEP | 429,603 | 48,827 |
| UNIDO | 205,094 | 20,411 |
| World Bank | 748,761 | 92,678 |
| Total | 2,156,345 | 252,795 |

65. The 52nd Meeting noted that the implementing agencies had a number of projects that had been classified as completed over two years previously and that remaining balances totalled US \$14,129,095 as at July 2007. The details are shown in the table below:

| Agency | No. of projects | Remaining balances (US \$) |
|------------|-----------------|----------------------------|
| UNDP | 24 | 161,406 |
| UNEP | 43 | 862,627 |
| UNIDO | 8 | 678,677 |
| World Bank | 14 | 12,426,385 |
| Total | 89 | 14,129,095 |

36. Monitoring and evaluation work programme for 2007

66. The 50th Meeting approved the 2007 work programme for monitoring and evaluation at a budget of US \$361,000, and requested that the final country studies on cases of non-compliance be sent to the Parties concerned. It also decided that, rather than further country studies related to non-compliance, work should be initiated on standardization of annual work programmes, and progress and verification reports on MYAs (decision 50/9).

37. Implementation of the monitoring and evaluation work programme*Final evaluation report on cases of non-compliance*

67. The 50th Meeting had before it the final evaluation report on cases of non-compliance and decided to convey the report's conclusions to the thirty-eighth meeting of the

Implementation Committee in mid-2007 in the course of the presentation to be made by the Multilateral Fund Secretariat and the implementing agencies.

Final report on the evaluation of CTC phase-out projects and agreements

68. In considering the final report on the evaluation of CTC phase-out projects and agreements, the 51st Meeting noted that all but eight Article 5 countries had met the 2005 target of an 85 per cent reduction in consumption. The Meeting was informed that the evaluation study found that the main risk to sustaining phase-out lay in the fact that, unlike other controlled substances produced for specific uses, CTC was also generated as a by-product and therefore would be available even after phasing-out CTC production for controlled uses. The successful achievement of the Protocol's control targets would therefore depend on controlling and eventually eliminating the demand for CTC in controlled uses. Any opportunities to sell co-produced CTC for process agent or solvent uses might bring higher returns than CTC destruction, with an ensuing risk of CTC being placed on the market without licences. CTC at a low price could result in a risk of illegal use and thus ongoing monitoring systems would be vital.

69. In addition to addressing some particular issues related to CTC production and consumption in China (see also paragraph 77) and India, the Executive Committee requested implementing agencies to update their information materials on alternatives to CTC especially in the solvent sector. The Executive Committee also decided to take into account, in future deliberations on the funding of institutional strengthening projects, the need to maintain monitoring and verification of all CTC production and consumption beyond 2010. The final report on the evaluation of CTC phase-out projects and agreements was forwarded to the Technology and Economic Assessment Panel (TEAP) so that it could be taken into account in their further discussions on process agents (decision 51/11).

Desk study on the evaluation of management and monitoring of national phase-out plans

70. The 51st Meeting had before it the desk study on the evaluation of management and monitoring of national phase-out plans, which reconfirmed the relevance and timeliness of evaluating the management, monitoring and verification aspects of the plans. After noting the desk study, the Executive Committee made recommendations to bilateral and implementing agencies concerning the use of and reporting on the flexibility clause in multi-year agreements (decision 51/12).

Extended desk study on incentive programmes for retrofits

71. The 52nd Meeting considered the extended desk study on incentive programmes for retrofits, whose objective was to review the experience to date in implementing the incentive programmes approved by the Executive Committee as individual activities under new or existing refrigerant management plans (RMPs). It urged Article 5 countries and respective implementing agencies to intensify their efforts to advance the implementation of approved incentive programmes in order to meet the established targets and phase-out schedules.

72. It also drew the attention of Article 5 countries for which TPMPs had been approved or would be approved in the near future to incentive programmes as a possibility for achieving CFC phase-out in the refrigeration servicing sector, provided the necessary pre-conditions were in place and lessons learned from previous programmes were taken into account and disseminated. It also requested UNDP to include a certain number of additional elements into its guidelines for retrofits and other agencies to take them into account for planning and implementing similar projects (decision 52/6).

Final report on the evaluation of the Compliance Assistance Programme (CAP) programme

73. The 52nd Meeting considered the final report on the evaluation of the CAP programme which reviewed the results achieved, identified the problems encountered in the process of implementation and determined the effectiveness of the CAP in relation to its objectives. The Committee requested UNEP to consider further regionalization of CAP resources, made a number of recommendations to UNEP for future orientation of the CAP and urged UNEP and other agencies to coordinate the activities closely with the other agencies in order to avoid overlapping (decision 52/7).

G. Policy Matters

38. Conditional approval of annual work programmes for MYAs

74. The 50th Meeting discussed the issue of how to determine when the conditions related to the conditional release of funds had been met and decided that, in cases where conditions had been placed on the release of approved funds, the implementing agencies concerned should coordinate and confirm with the Secretariat that the conditions for release had been met prior to disbursement (decision 50/13).

39. Reporting on the ODS phase-out achieved within RMPs and the phase-out achieved in those other projects for which ODS phase-out was not fully reported

75. The 50th Meeting, after hearing a report by the Secretariat on this issue, decided that ODS phase-out assigned to RMPs/RMP updates, TPMPs, halon banking, MB, CTC and TCA activities and projects and annual tranches of MYAs should represent the commitments made minus any phase-out already recorded. It also decided that the ODS phase-out thus recorded could be assigned on a pro-rated basis of the value of the approved activity, if not otherwise agreed by the implementing agencies involved, the countries concerned, and the Secretariat (decision 50/39).

40. Projects for methyl-bromide phase-out

76. The 52nd Meeting decided that methyl bromide projects that did not have any outstanding policy or cost issues should in future be included in the list of projects for blanket approval (decision 52/35).

41. Baselines for CTC production and consumption in China

77. As a follow-up to decision 51/11 the 52nd discussed the baseline for CTC production and consumption in China and decided to communicate decision 52/19 to the Meeting of the Parties.

“The Executive Committee decided:

(a) To request China to re-examine the carbon tetrachloride (CTC) production and consumption data between 1998 and 2000 so as to reconstitute them as closely as possible and to submit the data for 1999 and 2000 with a clear breakdown as requested by the Ozone Secretariat for calculating the baseline data. That should be done with the following understanding in accordance with decision X/14 of the Tenth Meeting of the Parties:

(i) That as long as China achieved the emission reduction targets laid out in the agreements with the Executive Committee for Phase I and Phase II of the process agent sector plan, the CTC production and consumption associated with the process agent application in those agreements would not be included in the CTC production and consumption for the determination of the compliance status of China from 2002 with respect to those CTC applications covered by Phase I, and from 2005 with respect to those applications covered by Phase II onwards;

(ii) That since the CTC production and consumption covered in the two agreements of the sector plan should not be included in the calculation of production and consumption for the determination of compliance, any change in the baseline data did not call for a change to the agreements; and

(b) To communicate the present decision to the Meeting of the Parties in the annual report of the Executive Committee, through the Ozone Secretariat.”

42. Operation of the Executive Committee

78. The 50th Meeting was presented with a report on the major issues associated with reducing the number of Meetings of the Executive Committee, together with an updated assessment of the Committee’s workload. It decided to continue meeting three times a year, but requested the Chair of the Executive Committee to write to the Parties, through the Ozone Secretariat, asking them to consider at their Nineteenth Meeting a request by the Executive Committee to change its terms of reference in order to grant it the flexibility to modify the

number of times it meets, if necessary, and to review the issue at its 53rd Meeting in the light of the guidance given by the Parties (decision 50/41)

43. Draft terms of reference for a case study on the treatment of ODS

79. The Executive Secretary of the Ozone Secretariat presented to the 50th Meeting decision XVIII/9 of the Eighteenth Meeting of the Parties, which requested the Executive Committee to develop consolidated terms of reference for the case study called for under decision XVII/17 of the Seventeenth Meeting of the Parties. After hearing the conclusions of the contact group (see paragraph 5 above), the 50th Meeting requested the Secretariat to develop specific terms of reference for a study on the treatment of unwanted ODS. It defined the two distinct objectives of the study and approved the required budget (decision 50/42).

80. The 52nd Meeting was informed that, based on the terms of reference, a contract for the study had been awarded and work had commenced. A draft report on the work's progress was presented to the Meeting. The Secretariat was asked to finalize the progress report, taking into account the suggestions made at the Meeting, and to forward the final report to the Nineteenth Meeting of the Parties (decision 52/43) as document UNEP/OzL.Pro.19/Inf/5.

44. Issues with regard to the future of the Montreal Protocol as they relate to the Multilateral Fund

81. The 50th Meeting was briefed by the Executive Secretary of the Ozone Secretariat on the submissions made by Parties on the non-paper from Canada on the key challenges to be faced in protecting the ozone layer over the next decade. The Parties by decision XVIII/36 had agreed to convene a two-day open-ended dialogue on the matter immediately prior to the 27th Meeting of the Open-ended Working Group in June 2007.

45. Assistance for CFC phase-out in those Article 5 Parties with locally-owned MDI manufacturing facilities

82. The 51st Meeting discussed a policy paper on the question, in particular on funding the phase-out of CFC consumption by MDI-producing countries, and strategies for the transition to non-CFC MDIs in Article 5 Parties without CFC-MDI production facilities. After hearing the conclusions and recommendations of the contact group established (see paragraph 6 above), the Meeting decided that Article 5 Parties with plants manufacturing CFC-MDI should be advised of the timing on which to begin considering the need for essential use exemptions beyond the 2010 phase-out date, and that the preparation of a nomination for essential use exemptions might begin in 2007 for submission to the Parties for their consideration in 2008. The Executive Committee would need to consider further the availability of pharmaceutical-grade CFCs after 2010 in light of the new Technology and Economic Assessment Panel (TEAP) reports to the 27th Meeting of the Open-ended Working Group and the Nineteenth Meeting of the Parties on campaign production of CFCs for MDIs in Article 5 and non-Article 5 Parties. The submission of requests for project preparation for the conversion of CFC-MDI production facilities might be considered on a case-by-case basis on the understanding that they must include a comprehensive justification from the country concerned for the need to receive assistance and, as a minimum, should provide certain detailed information. Requests for transition strategies to non-CFC MDIs in Article 5 Parties without MDI manufacturing facilities would also be considered on a case-by-case basis when the need for a strategy had been fully demonstrated and documented through the submission of specific information (decision 51/34).

83. The 52nd Meeting approved regional workshops on metered-dose inhalers (MDIs) in Article 5 countries as part of networking activities (decision 52/29), project preparation in the CFC-MDI sector for India (decision 52/25) and Mexico (decision 52/30) and transition strategies and investment projects for CFC phase-out in the MDI sector were approved at the 50th Meeting for Egypt (decision 50/28) and at the 52nd Meeting for Bangladesh and the Islamic Republic of Iran (decisions 52/32 and 52/33, respectively).

46. Progress made in reducing emissions of controlled substances from process agent uses

84. The 51st Meeting considered a draft report on progress made in reducing emissions of controlled substances from process agent uses showing that the Multilateral Fund had assisted Article 5 countries to reduce the levels of emissions to "levels agreed by the Executive Committee to be reasonably achievable in a cost-effective manner without undue abandonment

of infrastructure”, pursuant to decision X/14 of the Tenth Meeting of the Parties. The report was finalized by the Fund Secretariat, as mandated by decision 51/35, and following approval by the Chair of the Executive Committee was transmitted to the 27th Meeting of the Open-ended Working Group.

H. Information

85. The Secretariat informed the 51st Meeting that, pursuant to decision 50/4(d), the process of providing a means of entering country programme data on the Secretariat’s web site had been initiated. A prototype system and a user manual had been developed and were expected to be launched in time for the 1 May 2007 reporting deadline (see also paragraphs 53 and 54 above).

I. Fund Secretariat activities

86. During the period under review, the Fund Secretariat had taken action pursuant to the decisions taken by the Executive Committee at its 50th, 51st and 52nd Meetings. It had also prepared documentation and provided conference services for the 50th, 51st and 52nd Meetings of the Executive Committee. It had received proposals for projects and activities from implementing agencies and bilateral partners for a total value, as submitted, of US \$247,104,993.

87. It had analysed and reviewed these and provided comments and recommendations for the Executive Committee’s consideration. The requested level of funding, following project review, for approval at the three Meetings amounted to US \$170,889,458.

88. 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 H above, priorities for the 2006-2008 triennium, as well as the monitoring and evaluation reports outlined in Section F, and as a follow-up to decision XVIII/9 of the Eighteenth Meeting of the Parties it had prepared a report on the progress made on the study on the treatment of unwanted ODS. A new section had been introduced into the overview of issues identified during project review relating to submissions requesting changes to ongoing projects. At the request of the Ozone Secretariat, the Secretariat had reviewed a draft note for the discussion on the future of the Montreal Protocol, held at the 27th Meeting of the Open-ended Working Group.

89. The Chief Officer and other members of the Secretariat had attended many important meetings, including the 3rd GEF Assembly in Cape Town, the 10th joint meeting of the Ozone Officers Network for Africa in Madagascar, the Ozone Day celebrations in China, the 24th session of the UNEP Governing Council/Global Ministerial Environment Forum, the meeting of the GEF Chemicals Technical Advisory Group (TAG), a meeting of the TEAP in Rome to provide information on the HCFC surveys, a meeting of the Planning Committee for an international HCFC workshop sponsored by the European Commission in Brussels, the 27th Meeting of the Open-ended Working Group, the Joint Network Meeting of the South East Asia and Pacific and the South Asia Regional Networks, and the Eighteenth Meeting of the Parties. Together with the Chair of the Executive Committee, she had taken part in a special ceremony in China to celebrate the closure of CFC and halon production activities, two and a half years in advance of the phase-out deadline under the Montreal Protocol. Missions had been undertaken to Cairo, the People’s Republic of China, the Democratic People’s Republic of Korea, the Netherlands, Sri Lanka, Turkmenistan and Zimbabwe.

90. At the invitation of the United States Environmental Protection Agency, the Chief Officer had taken part in a video on ozone protection activities, focusing on chiller replacement projects supported through the Multilateral Fund initiative, which had been shown at a one-day event immediately prior to the Eighteenth Meeting of the Parties in New Delhi.

J. Matters relating to the meeting of the Parties

91. 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 Eighteenth Meeting of the Parties (Annex II).

92. Annex III provides, by country, the amount of HCFC-141b consumption phased in through projects using HCFCs as a replacement. This is in response to 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

93. The reports of the 50th, 51st and 52nd Meetings (UNEP/OzL.Pro/ExCom/50/62, UNEP/OzL.Pro/ExCom/51/46 and UNEP/OzL.Pro/ExCom/52/55 respectively) and meeting summaries have been distributed to all Parties to the Montreal Protocol. These reports are available on request from the Fund Secretariat or can be accessed at the web site of the Fund Secretariat (www.multilateralfund.org).

Annex I

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

| Sector | ODP approved | ODP phased out |
|--------------------------|----------------|----------------|
| Consumption | | |
| Aerosol | 26,515 | 25,216 |
| Foam | 64,211 | 62,405 |
| Fumigant | 5,781 | 3,743 |
| Halon | 49,016 | 42,055 |
| Multi-sector | 670 | 455 |
| Other | 1,380 | 1,424 |
| Process agent | 6,210 | 5,770 |
| Refrigeration | 49,357 | 42,172 |
| Solvent | 7,004 | 6,857 |
| Sterilant | 55 | 61 |
| Phase-out plan | 32,157 | 24,723 |
| Several | 739 | 554 |
| Total consumption | 243,095 | 215,435 |
| Production | | |
| CFC | 82,033 | 71,985 |
| Halon | 41,658 | 41,658 |
| CTC | 49,746 | 44,534 |
| TCA | 34 | 34 |
| MBR | 236 | 26 |
| Multiple ODS | 500 | 500 |
| Total production | 174,207 | 158,737 |

* Excluding cancelled and transferred projects

Table 2: Sectoral distribution of approved investment projects in the period under review

| Sector | ODP tonnes | US \$ approved |
|--|------------|----------------|
| Aerosol | 817 | 19,570,682 |
| Foam | 156 | 158,631 |
| Halon | 0 | 430,000 |
| Fumigant | 459 | 6,997,311 |
| Process agent (consumption and production) | 6,850 | 19,250,986 |
| Production | 10,223 | 38,865,000 |
| Refrigeration | 2,010 | 2,385,771 |
| Phase-out plan | 4,662 | 20,501,938 |
| Solvent | 147 | 7,463,591 |
| Total | 25,324 | 115,623,910 |

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 |
| Phase-out plans | | | | | | |
| Bahrain | Terminal phase-out management plan | UNEP/ UNDP | 58.7 | 642,500 | 66,338 | 708,838 |
| Bolivia | Terminal phase-out management plan | UNDP/ Canada | 26.9 | 540,000 | 49,685 | 589,685 |
| Cameroon | Terminal phase-out management plan | UNIDO | 50.6 | 800,000 | 60,000 | 860,000 |
| Comoros | Terminal phase-out management plan | UNEP/ UNDP | 0.4 | 205,000 | 23,650 | 228,650 |
| Costa Rica | Phase-out of Annex A (Group I) substances | UNDP | 37.5 | 565,000 | 42,375 | 607,375 |
| Gabon | Terminal phase-out management plan | UNEP / UNDP | 1.5 | 205,000 | 23,050 | 228,050 |
| Georgia | Terminal phase-out management plan | UNDP | 8.2 | 325,000 | 24,376 | 349,376 |
| Ghana | Terminal phase-out management plan | UNDP | 17.5 | 344,894 | 25,868 | 370,762 |
| Honduras | Phase-out of methyl bromide | UNIDO | 295.8 | 1,806,301 | 135,473 | 1,941,774 |
| Kuwait | Phase-out of Annex A (Group I) substances | UNEP / UNIDO | 70.0 | 565,000 | 64,250 | 629,250 |
| Kyrgyzstan | Terminal phase-out management plan | UNDP/ UNEP | 7.0 | 550,000 | 54,065 | 604,065 |
| Madagascar | Terminal phase-out management plan | UNEP/ UNIDO | 2.3 | 345,000 | 39,850 | 384,850 |
| Moldova | Terminal phase-out management plan | UNDP/ UNEP | 10.0 | 520,000 | 50,825 | 570,825 |
| Nepal | Terminal phase-out management plan | UNDP/ UNEP | 12.0 | 170,000 | 18,100 | 188,100 |
| Oman | Terminal phase-out management plan | UNIDO | 35.0 | 470,000 | 35,250 | 505,250 |
| Paraguay | Phase-out of Annex A (Group I) substances | UNDP/ UNEP | 31.6 | 565,000 | 53,045 | 618,045 |
| Saint Lucia | Terminal phase-out management plan | Canada | 1.2 | 205,000 | 26,650 | 231,650 |
| Senegal | Terminal phase-out management plan | UNEP/Italy | 23.4 | 565,000 | 73,450 | 638,450 |
| Serbia* | Phase-out of Annex A (Group I) substances | UNIDO/ Sweden | 327.0 | 2,742,544 | 208,992 | 2,951,536 |
| Seychelles | Terminal phase-out management plan | France | 1.4 | 193,000 | 25,090 | 218,090 |
| Uruguay | Phase-out of Annex A (Group I) substances | UNDP/ Canada | 29.9 | 565,000 | 55,135 | 620,135 |
| Viet Nam | Phase-out of methyl bromide | IBRD | 85.2 | 1,098,284 | 82,371 | 1,180,655 |

| Country | Project | To be implemented by | Total phase- out ODP tonnes | Funding approved in principle (US \$) | | |
|----------|---|----------------------|-----------------------------|---------------------------------------|---------------|---------|
| | | | | Project funds | Support costs | Total |
| Zimbabwe | Phase-out of Annex A (Group I) substances | Germany | 65.0 | 565,000 | 72,150 | 637,150 |

* Revised agreement

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/ExCcom/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 deliberation at the 45th Meeting, grouped the 28 recommendations contained in the 2004 Evaluation and Review of the Financial Mechanism of the Montreal Protocol into 3 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.

B. RECOMMENDATIONS UNDER THE FIRST CATEGORY

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

5. The 50th Meeting considered a report on the operation of the Executive Committee and decided to continue to meet three times a year. The Meeting requested the Chair of the Executive Committee to write to the Parties, through the Ozone Secretariat to ask that consideration be given at the Nineteenth Meeting of the Parties to the request of the Executive Committee to change the terms of reference of the Executive Committee to grant it the flexibility to modify the number of times it meets if necessary. The Executive Committee would revisit the issue at the 53rd Executive Committee Meeting in the light of the guidance given by the Nineteenth Meeting of the Parties.

(Decision 50/41)

GENERAL RECOMMENDATION 15: Increase efforts to improve country-level data reporting.

6. The 50th Meeting urged the Secretariat to provide a means of entering country programme data on its web site, together with an explanatory manual on how to complete the new country programme data format to improve consistency in reporting. These were implemented in time for the submission to be made by 1 May 2007.

(Decision 50/4)

7. The 51st Meeting was informed that a prototype system and a user manual had been developed.

8. The 52nd Meeting requested UNEP's Compliance Assistance Programme to allocate time during its regional network meetings for additional training on the web-based system for reporting progress on country programme implementation and to provide feedback on the experience gained by the initial users of the web-based system and reconfirmed existing Executive Committee guidelines regarding submission of country programme implementation data by 1 May each year. The 52nd Meeting also noted that country programme implementation data had to be submitted in advance of the last meeting of the year and subsequent meetings as a precondition for the approval and release of funding for projects.

(Decision 52/5)

GENERAL RECOMMENDATION 16: Continue efforts to reduce/avoid project implementation delays.

9. The 51st Meeting decided that letters of project cancellation sent to countries would also emphasize the importance of the project and make suggestions for more positive ways to achieve compliance. The Fund Secretariat also included in its report to the 52nd Meeting on projects with implementation delays, information on the procedures that were in place and the studies that had been undertaken in the past with respect to addressing projects with implementation delays.

10. The 50th, 51st and 52nd Meetings pursued efforts to resolve difficulties that caused implementation delays and took appropriate action.

(Decisions 50/10, 51/14 and 52/60)

11. The Fund Secretariat also continues to report to the Executive Committee since the 48th Meeting, delays in the submission of annual tranches of multi-year agreements for the Committee's consideration.

(Decisions 50/11, 51/15 and 52/16)

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

12. At both 50th and 51st Meetings, the Committee expressed concern at the late payment of pledges. At the 52nd Meeting, the Committee thanked those Parties that had already made their contributions for 2007, in light of the relatively high rate of payment recorded at the second Executive Committee Meeting of the year as compared with previous years.

(Decisions 50/1, 51/2 and 52/1)

C. RECOMMENDATIONS UNDER THE SECOND CATEGORY

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

13. As indicated under recommendation 2 above, the Executive Committee will revisit the issue at the 53rd Meeting in the light of the guidance given by the Nineteenth Meeting of the Parties.

Annex III

AMOUNTS OF HCFCs¹ CONSUMPTION PHASED -IN (ODP TONNES)

| Country | CFC phased out in projects using HCFC technologies | HCFC phased in |
|---|--|----------------|
| Algeria | 54.1 | 5.4 |
| Argentina | 743.1 | 73.6 |
| Bahrain | 15.3 | 1.5 |
| Bolivia | 11.0 | 1.1 |
| Bosnia and Herzegovina | 29.1 | 2.9 |
| Brazil | 4,830.8 | 476.1 |
| Chile | 236.6 | 20.2 |
| China | 10,082.9 | 776.0 |
| Colombia | 644.9 | 63.9 |
| Costa Rica | 33.1 | 3.3 |
| Cuba | 0.8 | 0.1 |
| Dominican Republic | 135.3 | 13.4 |
| Egypt | 484.4 | 37.4 |
| El Salvador | 18.3 | 1.8 |
| Guatemala | 45.4 | 4.5 |
| India | 4,500.5 | 433.3 |
| Indonesia | 2,463.4 | 238.0 |
| Iran (Islamic Republic of) | 1,045.5 | 103.6 |
| Jordan | 330.3 | 32.7 |
| Kenya | 22.8 | 2.3 |
| Lebanon | 81.0 | 8.0 |
| Libya | 61.5 | 6.1 |
| The former Yugoslav Republic of Macedonia | 75.1 | 7.4 |
| Malaysia | 1,226.5 | 118.5 |
| Mauritius | 4.2 | 0.4 |
| Mexico | 2,106.3 | 193.6 |
| Morocco | 118.0 | 11.7 |
| Nicaragua | 8.0 | 0.8 |
| Nigeria | 383.2 | 38.0 |
| Pakistan | 781.1 | 77.4 |
| Panama | 14.4 | 1.4 |
| Paraguay | 66.5 | 6.6 |
| Peru | 146.9 | 14.6 |
| Philippines (the) | 518.9 | 51.4 |
| Romania | 192.0 | 19.0 |
| Serbia | 44.2 | 4.4 |
| Sri Lanka | 7.2 | 0.7 |
| Sudan (the) | 4.4 | 0.4 |
| Syrian Arab Republic (the) | 628.4 | 62.3 |
| Thailand | 2,022.6 | 199.4 |
| Tunisia | 234.9 | 20.3 |
| Turkey | 372.2 | 36.9 |
| Uruguay | 98.1 | 9.7 |
| Venezuela | 699.1 | 69.3 |
| Viet Nam | 44.4 | 4.4 |
| Yemen | 9.7 | 1.0 |
| Zimbabwe | 11.3 | 1.1 |
| Grand total | 35,687.7 | 3,255.8 |

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