



**United Nations
Environment
Programme**

Distr.: General
19 September 2012



Original: English

**Twenty-Fourth Meeting of the Parties to the
Montreal Protocol on Substances that
Deplete the Ozone Layer**
Geneva, 12-16 November 2012
Item 5 of the provisional agenda of the high-level segment[†]

**Presentation by the Chair 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 TWENTY-FOURTH 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 Twenty-third 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 66th meeting of the Executive Committee was held in Montreal from 16 to 20 April 2012, and the 67th in Bangkok (Thailand) from 16 to 20 July 2012. The reports of those meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/66/54 and UNEP/OzL.Pro/ExCom/67/39, respectively, and are available on the Multilateral Fund's web site (www.multilateralfund.org).

3. In accordance with decision XXIII/19 of the Twenty-third Meeting of the Parties, the 66th and 67th meetings were attended by Belgium, Canada, Finland, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by Argentina, China, Cuba, India, Jordan, Kenya, and Mali, representing Parties operating under paragraph 1 of Article 5, and were chaired by Mr. Xiao Xuezhi (China). Ms. Fiona Walters (United Kingdom of Great Britain and Northern Ireland) acted as Vice-Chair, and Ms. Maria Nolan, Chief Officer, acted as Secretary, for the Meetings within the reporting period.

* Re-issued for technical reasons on 12 November 2012.

[†] UNEP/OzL.Pro.24/1.

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

A. ACTIONS TAKEN TO IMPLEMENT DECISIONS OF MEETINGS OF THE PARTIES

Decision XIX/6 and decision XXI/9

5. Decision XIX/6 requested the Executive Committee to assist Parties in preparing their HCFC phase-out management plans (HPMPs). Decision XXI/9 also called on the Executive Committee, as a matter of urgency, to expedite the finalization of its guidelines on HCFCs and consider providing additional funding and/or incentives for additional climate benefits, where appropriate, and consider further demonstrating the effectiveness of low global-warming-potential (GWP) alternatives to HCFCs. Several outstanding issues regarding HCFC phase-out were discussed at the meetings during the period under review and are described below. Since those two decisions were taken, HPMPs for 126 countries have been approved.

HCFC demonstration and investment projects

6. The 66th meeting discussed the issue of low cost options for the use of hydrocarbons in the manufacture of polyurethane foam and the use of methylal as a blowing agent in the manufacture of polyurethane foam systems. UNDP had formulated a number of pilot projects to investigate the safe use of methylal to replace HCFC-141b in polyurethane foam applications and the use of methylal as a replacement appeared to be a feasible solution that met the objectives of a cost-effective, zero-ODP, low-GWP replacement technology. The Executive Committee requested UNDP to finalize the additional investigation on safety-related issues, densities and optimization of equipment and develop a costing concept on pre-blended hydrocarbon polyols (decision 66/15, sub-paragraph (s)(ii)). The Executive Committee also requested bilateral and implementing agencies to share UNDP's assessment report on methylal as a blowing agent and on low cost options for hydrocarbons in the manufacture of polyurethane foams, together with information on other alternatives, when assisting Article 5 countries in preparing projects for the phase-out of HCFC-141b in polyurethane foam applications (decision 66/15, sub-paragraphs (r)(ii) and (s)(iii)).

7. At its 67th meeting the Executive Committee also noted with appreciation the report by UNDP entitled "HFO-1234ze as a blowing agent in the manufacture of extruded polystyrene foam boardstock: An assessment for the application in MLF projects" and requested bilateral and implementing agencies to share the UNDP assessment report on HFO-1234ze, together with information on other alternatives, when assisting Article 5 countries in preparing projects for the phase-out of HCFC-142b/HCFC-22 in extruded polystyrene foam applications (decision 67/5, sub-paragraphs (e)(i) and (e)(ii)).

Information on second stage conversions

8. The 66th meeting was provided with information on previous conversions funded by the Multilateral Fund, including the conditions under which agreements had been signed with Article 5 countries on the phase-out of CFCs. The Executive Committee decided that the conversion of new HCFC foam production lines in second-stage conversion enterprises which had been established after the enterprises had been converted to a non-CFC alternative were entitled to full funding of eligible incremental costs provided that the new lines had been established prior to 21 September 2007, and on the understanding that the cost of replacement or retrofit of any equipment item installed after that cut-off date would not be eligible for funding (decision 66/50, sub-paragraph (b)). The Executive Committee also decided to consider approving, on a case-by-case basis, the full funding of eligible incremental costs for second-stage conversion projects to phase-out HCFC-141b contained in imported polyols, on the understanding that the governments concerned agreed to make commitments to ban imports of HCFC-141b, both in bulk and in pre-blended polyols (decision 66/50, sub-paragraph (c)).

Tracking system for HCFC-141b-based pre-blended polyols exported by systems houses and used by foam enterprises in importing Article 5 countries

9. The 66th meeting considered options for a tracking system for HCFC-141b-based pre-blended polyols, emphasizing the need for a framework to avoid double funding. The Executive Committee decided that it would

consider discounting from a country's starting point for aggregate reductions in HCFC consumption the amount, or average amount, of HCFC-141b contained in pre-blended polyols exported for the year, or years, on which the starting point had been based. The bilateral and implementing agencies, in collaboration with the Governments of Chile, China and Colombia, were invited to provide the Fund Secretariat with the best available data on the amount of HCFC-141b in pre-blended polyols exported during 2009 and 2010; and the Fund Secretariat was requested to update the information on the amounts of exports and imports of HCFC-141b contained in pre-blended polyols, and report back to the Executive Committee at its 68th meeting. The Executive Committee further agreed to consider, at its 68th meeting, when to deduct the amounts of HCFC-141b, exported in pre-blended polyols, from the starting point for aggregate reductions in HCFC consumption for the countries concerned (decision 66/51).

Maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector

10. The 66th meeting discussed the climate impact of HCFC phase-out in the refrigeration servicing sector and considered, *inter alia*, the training of technicians, the GWP of the alternatives being used, energy efficient alternatives to HCFCs, the scope of incentive programmes, the implications for HPMPs that had already been approved, and the impact that reporting on the issue would have on bilateral and implementing entities. It was pointed out that, for economic and technical reasons, some countries might be limited in their ability to use low-GWP alternatives to HCFCs and the Executive Committee decided to defer further consideration of the issue until its 67th meeting (decision 66/20).

11. At its 67th meeting the Executive Committee set up a contact group to discuss the issue maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector. The contact group prepared a revised draft recommendation and the Executive Committee decided to invite the members of the Executive Committee to submit written comments on the revised proposal and request the Fund Secretariat to compile the comments received and submit them, together with the revised proposal, for the consideration of the Executive Committee at its 68th meeting (decision 67/16, sub-paragraphs (b) and (c)). The text of the revised proposal is attached to the report of the 67th meeting (UNEP/OzL.Pro/ExCom/67/39) as Annex VI.

Resource mobilization of climate co-benefits

12. The 66th meeting took note of the interim report by the World Bank on resource mobilization for HCFC phase-out co-benefits and the interim report of UNEP on the project for resource mobilization to address climate co-benefits for HCFC phase-out in low-volume-consuming countries in the servicing sector only, and requested UNEP and the World Bank to submit more substantial reports to the Executive Committee at its 68th meeting. The 66th meeting also took note of: the interim report by UNDP on resource mobilization for climate co-benefits and reiterated decision 63/20(a)(i) by which UNDP was requested to inform the Executive Committee on four pilot demonstration projects in the refrigeration and air-conditioning manufacturing sector no later than its 67th meeting; and the interim report by UNIDO on resource mobilization for HCFC phase-out and climate co-benefits and reiterated decision 63/23(a)(i) by which UNIDO was requested to inform the Executive Committee of the two pilot conversions in the fishing and food processing sectors no later than its 67th meeting (decision 66/15, sub-paragraphs (l), (m), (n) and (o)).

13. At its 67th meeting the Executive Committee took note of the interim reports on resource mobilization for climate co-benefits submitted by UNDP and UNIDO and urged them to submit final reports on those projects by the 69th meeting of the Executive Committee (decision 67/5, sub-paragraph (f)).

Incremental costs related to retooling for manufacturing heat exchangers

14. The 66th meeting considered the issue of whether the conversion of refrigeration or air-conditioning systems from HCFCs to non-flammable HFCs, and the capital costs related to the retooling, should be treated as an incremental cost, or whether they constituted an avoidable technology upgrade. The Executive Committee decided that in cases of conversion of a manufacturer of HCFC air-conditioning products to an alternative non-flammable substance with substantially higher working pressures, and where the manufacturer had its own heat-exchanger manufacturing facility, expenditures related to dynamic testing of heat-exchangers to ensure pressure resistance were part of the conversion cost; and to request the Fund Secretariat to use, for those cases, the technical information provided in document UNEP/OzL.Pro/ExCom/66/51 and the related technical study, as well as any other relevant information available, to determine the extent to which those costs were eligible and incremental (decision 66/52, sub-paragraphs (a) and (b)).

Guidelines for stage II of HPMP preparation

15. The 66th meeting considered the issue of guidelines for stage II of HPMP preparation when discussing the issue of the consolidated business plans of the Multilateral Fund (see paragraph 39 below) and requested the Fund Secretariat, in cooperation with the implementing agencies, to prepare a first draft of such guidelines for the 69th meeting of the Executive Committee (decision 66/5, sub-paragraph (c)).

Decision XXI/4

16. The Twenty-first Meeting of the Parties requested the Executive Committee to consider reviewing both of the CFC production phase-out agreements with China and India with a view to allowing production of pharmaceutical-grade CFCs to meet the authorized levels of production and consumption specified and any authorized amounts in future years. Accordingly, the Sub-group on the Production Sector met in the margins of the 66th meeting and took the decision on the production sector agreements mentioned in paragraph 20 below (decision 66/54, sub-paragraphs (b), (c) and (d)).

Decision XXIII/7

17. The 66th meeting noted that paragraph 8 of decision XXIII/7 of the Twenty-third Meeting of the Parties, which considered the use of carbon tetrachloride (CTC) for the production of vinyl chloride monomer (VCM) superseded sub-paragraphs (iii) and (iv) of decision 65/10(j), and requested the World Bank to provide, to the 70th meeting, a report on the status of the use of CTC for the production of VCM in India (decision 66/15, sub-paragraph (j)).

Decision XXIII/14

18. Decision XXIII/14 requested the Executive Committee to consider requesting the Senior Monitoring and Evaluation Officer, when carrying out the evaluation of methyl bromide projects in Africa, to consider options for a strategy to achieve the sustainable use of effective alternatives to methyl bromide in Africa. The issue was considered by the 66th meeting when discussing the desk study on the evaluation of methyl bromide projects (see paragraph 58 below).

B. PROCEDURAL MATTERS

(i) Production Sector Sub-group

19. The 66th meeting reconvened the Production Sector Sub-group, composed of the representatives of Argentina, Canada (convenor), China, Cuba, Finland, India, Japan, Jordan, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Executive Committee agreed to the recommendations of the Sub-group and took note, *inter alia*, of the verification report on the 2010 CFC production in China and the report on the implementation of decision 60/47. Regarding the draft final report on the technical audit of China's HCFC production sector, the Executive Committee noted that the delayed submission of the final technical audit report would not prevent it from considering the project proposal for the HCFC phase-out plan for the production sector in China, and decided, through the Government of China to invite the HCFC production plants to provide data that they had not provided to the original consultant, and requested the Fund Secretariat to review, for consideration at the 67th meeting, the project proposal for HCFC phase-out in the production sector in China, taking into account any available information from the technical audit, as well as any other relevant sources of information (decision 66/54, subparagraphs (a), (f), (h) and (i)).

20. The Executive Committee also adopted the recommendation to modify the production sector agreement with the Government of China to allow the production for export of pharmaceutical grade CFCs in 2012, with an annual review, for the purposes of meeting the 2012 essential-use exemption for metered-dose inhalers authorized by the Parties in decision XXIII/2, provided the exporting country had reporting and verification systems in place and that the reporting and verification systems had reported on some specific information and requested the World Bank, as the implementing agency, to provide its services in carrying out the verification/audit and to submit reports to the Executive Committee on behalf of the Government of China. The Executive Committee also decided that the Fund Secretariat, on behalf of the Executive Committee, would seek confirmation from the importing country of the actual quantities imported by that country; the producing country agreed to limit the production of non-pharmaceutical specification grade CFCs to the extent possible and pay for their destruction and that it would

consider application of the penalty clause to any CFC production determined as being excessive by the verification reports (decision 66/54, sub-paragraphs (b), (c) and (d)).

21. The Executive Committee requested the Sub-group to continue its discussion of the HCFC production sector guidelines at the 67th meeting (decision 66/54, sub-paragraph (j)).

22. At its meeting in the margins of the 67th meeting, the Sub-group discussed the final report on the technical audit of the HCFC production sector in China, and heard a presentation by the World Bank and China on the cost methodology that had been used in the HCFC production sector phase-out management plan (HPPMP) for China (stage I), as well as a presentation by the consultant on the technical audit, and a presentation by the Fund Secretariat on the HPPMP.

23. The Executive Committee decided to request the Fund Secretariat to undertake new analyses related to information needs identified during the meeting of the Sub-group for submission to its 68th meeting and further requested the World Bank to provide the outstanding information noted in the report of the Fund Secretariat on HPPMP for China (Stage I) (UNEP/OzL.Pro/ExCom/67/SGP/3) to its 68th meeting (decision 67/36, sub-paragraphs (a) and (b)). The Executive Committee also noted the urgency and challenges facing the Government of China and its industry to meet the 2013 and 2015 Montreal Protocol HCFC control targets in the production sector as well as the intention of the Sub-group to hold intersessional consultations in the margins, and/or before or after, the Twenty-fourth Meeting of the Parties and confirmed the Executive Committee's commitment to consider the HPPMP for China at its 68th meeting with the aim of reaching an agreement thereon (decision 67/36, sub-paragraphs (c), (d) and (e)).

C. FINANCIAL AND ADMINISTRATIVE MATTERS

(i) Status of contributions and disbursements

24. As at 13 July 2012 the total income to the Multilateral Fund, including cash payments, promissory notes held, bilateral contributions, interest earned and miscellaneous income, amounted to US \$2,943,672,744 and total allocations, including provisions, amounted to US \$2,900,912,713. The balance available as at 13 July 2012 therefore amounted to US \$42,760,031. 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	210,729,308	24,199,933
1994-1996	424,841,347	393,465,069	31,376,278
1997-1999	472,567,009	434,353,879	38,213,130
2000-2002	440,000,001	429,283,071	10,716,930
2003-2005	474,000,000	465,570,282	8,429,718
2006-2008	368,028,480	358,884,648	9,143,832
2009-2011	399,640,706	380,057,319	19,583,388
2012	131,538,756	49,932,734	81,606,023
Total:	2,945,545,541	2,722,276,310	223,269,231

Note: Not including any disputed contributions.

(ii) Interest collected during the 2006-2008 and 2009-2011 trienniums

25. As at 13 July 2012, the total level of interest recorded in the Treasurer's accounts amounted to US \$43,537,814 for the 2006-2008 triennium and US \$10,544,631 for the 2009-2011 triennium.

(iii) Gain from the fixed-exchange-rate mechanism

26. The Treasurer informed the 66th and 67th meetings of the total amounts gained from exchange differences since the inception of the fixed-exchange-rate mechanism, and that as of the 67th meeting, the gain stood at US \$25,557,302. The Executive Committee also noted that France should be added to the list of Parties that had opted to use the fixed-exchange-rate mechanism during the replenishment period 2012-2014 (decision 67/2, sub-paragraph (a)(ii)).

(iv) Bilateral cooperation

27. During the period under review, the Executive Committee approved requests by France, Italy, Germany, Japan and Spain to credit bilateral assistance amounting to a total of US \$3,759,953 (decisions 66/22 and 67/19). This brings the total for bilateral cooperation since the inception of the Multilateral Fund to US \$142,699,165 (excluding cancelled and transferred projects), representing approximately 5 per cent of funds approved. The range of bilateral projects approved includes, inter alia, HPMPs, a national methyl bromide phase-out plan and a pilot demonstration project on ODS waste management and disposal.

(v) Issues pertaining to contributions

28. During the period under review, the Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible (decisions 66/1, sub-paragraph (d) and 67/2, sub-paragraph (c)).

29. The 66th meeting heard a report from the Chief Officer on her meeting with the representatives of the Russian Federation in the margins of the Twenty-third Meeting of the Parties to the Montreal Protocol to discuss the outstanding contribution of the Russian Federation. At the 67th meeting the Chief Officer also reported on the preliminary meeting that she had undertaken, together with the Senior Administrative and Fund Management Officer and the Treasurer, with senior representatives of the Russian Federation in Moscow, which had led to the signing of the outcome of the meeting, in which the Russian Federation undertook to start paying its pledges to the Fund from 2013. She also explained that the document indicated that the payments of the Russian Federation would commence in 2013 “on the condition that all future contributions of the Russian Federation are not associated with the outstanding pledges for prior years”. The Executive Committee noted with appreciation the intention of the Government of the Russian Federation to start payments to the Multilateral Fund from 2013, and that the administrative process would be completed in due time to ensure that the payment of the 2013 contribution could be made. The Executive Committee requested that the Treasurer maintain the outstanding contributions of the Russian Federation in the outstanding contributions category of the Multilateral Fund (decision 67/1, sub-paragraphs (a) and (c)).

30. The 67th meeting also considered an update by the Government of Germany, pursuant to sub-paragraph (b)(iii) of decision 66/3, on its efforts with regard to the encashment of its promissory notes. The Government of Germany indicated that that it would not be possible to accelerate the encashment schedule during the present triennium as the German Parliament had approved its contributions as part of its mid-term fiscal planning. The Executive Committee decided to note the feedback from the Government of Germany and that the encashment schedule for Germany’s promissory notes for the 2012-2014 triennium went beyond the replenishment period and that some notes would be due for encashment between 2015 and 2017 (decision 67/2, sub-paragraphs (a)(iii) and (a)(iv)). The Government of Germany was requested to pursue with the relevant authorities the issue of the encashment of Germany’s promissory notes within the next replenishment period, and to inform the Executive Committee accordingly at its first meeting in 2014 (decision 67/2, sub-paragraph (b)).

(vi) Reconciliation of the accounts of the Multilateral Fund

31. The 67th meeting noted the actions taken by the Treasurer in 2011 to reflect the adjustments resulting from the reconciliation of the 2010 accounts exercise (decision 67/33, sub-paragraph (a)(iii)).

(vii) 2011 accounts of the Multilateral Fund

32. The 67th meeting noted the provisional 2011 accounts of the Multilateral Fund, that the final 2011 accounts would be submitted to the Executive Committee at its 68th meeting and that further adjustments would be introduced as required. The Committee requested the Fund Secretariat to bring to the attention of the Executive Committee elements of the 2010-2011 audit of UNEP’s accounts by the United Nations Board of Auditors of relevance to the Multilateral Fund (decisions 67/33, sub-paragraphs (a)(i) and (a)(ii) and (b)).

(viii) Financial Planning for 2012-2014

33. The 67th meeting considered an assessment of the cash flow issues for 2012 and requested that those contributing Parties that did not provide for accelerated encashment of promissory notes to consider either allowing the Treasurer to accelerate the encashment schedule or adjusting their encashment schedules to correspond to the

year in which the contributions were due (decision 66/3, sub-paragraph (b)(ii)). Bilateral agencies were also requested to specify the costs of planned activities and make an effort to remain within the estimates so specified (decision 66/3, sub-paragraph (b)(i)). Parties were urged to pay their contributions for each year by June so as to enable the full commitment of the US \$450 million budget during the 2012-2014 triennium in line with paragraph 3 of Decision XXIII/15 (decision 66/3, sub-paragraph (c)(i)).

34. The issue of the arrears in payments of contributions to the Multilateral Fund was also considered at the 66th meeting and the Executive Committee urged contributing Parties with arrears for 2009-2011 to pay them during 2012 and to countries with economies in transition that had not previously paid their contributions to make them for the 2012-2014 triennium (decision 66/3, sub-paragraphs (c)(ii) and (c)(iii)). The Executive Committee decided to consider the availability of cash flow for the 2014 budget at its first meeting for 2014 (decision 66/3, sub-paragraph (d)), and to adopt a resource allocation of US \$145 million in 2012, US \$145 million in 2013 and US \$160 million in 2014, with any unallocated funds to be allocated subsequently during the 2012-2014 triennium (decision 66/3, sub-paragraph (e)).

(ix) Administrative costs for the 2012-2014 triennium

35. Pursuant to decision 65/18 the Executive Committee, at its 66th meeting, considered options for an administrative cost regime for the 2012-2014 triennium, and a contact group was established to consider the matter in more detail. Following the report of the convenor of the contact group, the Executive Committee took note of the assessment of options for an administrative cost regime and decided to apply the existing cost regime to the first tranche of agreements approved at the 66th meeting. It also decided to maintain the existing cost regime for UNEP, to reconsider administrative costs at its 67th meeting, together with the options discussed by the contact group, and to continue discussing the possible need for terms of reference for the assessment of the administrative cost regime for the 2015-2017 triennium at its 68th meeting and how to modify them in light of the previous term of reference (decision 66/17).

36. At its 67th meeting the Executive Committee considered an analysis by the Fund Secretariat of, and observations on, the options for an administrative cost regime, and it was observed that additional options might be considered. A contact group was established to discuss the matter with the involvement of the implementing agencies. Following the report of the Contact Group it was decided to continue to apply the existing administrative cost regime to UNEP and the bilateral agencies during the 2012-2014 triennium, and to apply a new administrative cost regime to UNDP, UNIDO and the World Bank consisting of annual core unit funding for which an annual increase of up to 0.7 per cent could be considered subject to annual review. It was also decided to apply the following agency fees on the basis of funding per agency: 7 per cent for projects with a cost above US \$250,000, as well as IS projects and project preparation; 9 per cent for projects with at project cost at or below US \$250,000; and no greater than 6.5 per cent, to be determined on a case-by-case basis, for projects in the production sector. The Executive Committee also decided to review the administrative cost regime and its core unit funding budget at its 74th meeting, which would be its last meeting of the 2012-2014 triennium (decision 67/15).

(x) Recruitment of the Chief Officer

37. The Executive Committee at its 67th meeting discussed a draft decision relating to the process of selecting the new Chief Officer of the Multilateral Fund Secretariat due to the retirement in 2013 of the incumbent of the post and decided to request the Secretariat to update the documentation relating to the recruitment process for that position and to provide it for consideration at the 68th meeting. It also requested the Secretariat to make the necessary arrangements for the Executive Committee to undertake its usual recruitment procedure in relation to the position of Chief Officer of the Multilateral Fund Secretariat (decision 67/37).

D. BUSINESS PLANNING AND RESOURCE MANAGEMENT

(i) Updated model rolling three-year phase-out plan: 2013-2015

38. The Executive Committee considered at its 67th meeting an updated model rolling three-year phase-out plan for the years 2013-2015 which was prepared by the Fund Secretariat once the HCFC baseline had been established as required by decision 62/5. The document proposed that the assessment of HCFC compliance requirements for Article 5 countries should be made in the document of status reports and compliance. Following a discussion, the

Executive Committee noted the rolling three-year phase-out plan and urged bilateral and implementing agencies to work with those Article 5 countries that did not yet have an approved HPMP to complete the preparation of their HPMPs and to submit them for the Executive Committee's consideration. The Executive Committee also requested the Fund Secretariat to assess the HCFC compliance requirements for all Article 5 countries in the document on status reports and compliance to serve as a guide for the preparation of the Multilateral Fund's business plan (decision 67/6).

(ii) Consolidated business plan of the Multilateral Fund for 2012-2014

39. The 66th meeting considered the 2012-2014 consolidated business plan of the Multilateral Fund, noting that it exceeded the budgets for 2012 -2014 period, largely owing to uncertainties associated with the cost of HCFC activities. After making some amendments to the projects proposed the Executive Committee decided to: endorse the 2012-2014 business plans as further adjusted by the Fund Secretariat and the Executive Committee, while noting that endorsement denoted neither approval of the projects therein nor their funding or tonnage levels; also adjust the business plans of the bilateral and implementing agencies by applying the cost-effectiveness threshold of US \$6.92/kg to all foam projects, including those in the rigid polyurethane foam sector; to limit new HCFC phase-out activities that would exceed a 10 per cent reduction of the baseline to no more than a 35 per cent reduction of the baseline in non-low-volume-consuming countries for those activities in the business plan that had not yet been submitted; to maintain in the business plans of the bilateral and implementing agencies only those ODS destruction projects for which project preparation funds had already been approved by the Executive Committee; to remove phase-out activities involving swing plants, pending an Executive Committee decision on their funding eligibility, on the understanding that requests for such activities could be reintroduced into the business plans of the implementing agencies after the Executive Committee had agreed on the HCFC production sector guidelines, as appropriate; to remove activities for the United Arab Emirates on the understanding that the Executive Committee would defer the request of the United Arab Emirates for assistance from the Multilateral Fund to a future meeting to allow more time for discussion with the country; to further adjust all new activities in the business plan to the budget allocation for the 2012-2014 triennium; and to maintain the project for promoting alternatives to HCFCs in air-conditioning sectors in high-ambient temperature countries in West Asia in the business plan for 2012, with an adjusted funding (decision 66/5, sub-paragraphs (a) and (b)).

40. The Executive Committee also requested the Fund Secretariat, in cooperation with the implementing agencies, to prepare guidelines for stage II of HPMP preparation and to present a first draft to the 69th meeting of the Executive Committee. It further requested the Fund Secretariat to discontinue climate impact data reporting at the business plan stage of project consideration; and decided to monitor the results of proposed funding distributions in light of approved commitments to ensure that planned funding distributions would be available to meet commitments for both the HCFC consumption and production sectors (decision 66/5, sub-paragraphs (c), (d) and (e)).

(iii) 2012-2014 business plans of the bilateral and implementing agencies

41. The 66th meeting, after also noting the Government of Germany's confirmation that it would continue to adjust its business plan so that it remained within the range of its 20 per cent bilateral contribution, took note of the business plans of the bilateral agencies, UNDP, UNEP, UNIDO and the World Bank, and approved the performance indicators for the implementing agencies (decisions 66/6, 66/7, 66/8, 66/9 and 66/10).

42. The 67th meeting noted the report on the status of the 2012 business plans and tranche submission delays, further noting that Germany's business plan for the 2012-2014 triennium was within Germany's allocation for bilateral activities. The Executive Committee encouraged implementing agencies to submit requests to enable funding for all remaining eligible countries that had not yet received funding for stage I HCFC phase-out activities during the current triennium taking into account their business plan allocations.

(iv) Status reports and compliance

43. The 66th and 67th meetings considered updated reports on the status of compliance and information on projects with implementation delays. The 66th meeting was informed that seven of the 22 projects previously listed as having implementation delays had been completed and it was decided to request additional status reports on some projects, and the Fund Secretariat was requested to take the established actions regarding projects with implementation delays (decision 66/4). The 67th meeting noted that 47 country programme implementation reports

for the year 2011 had been submitted through the web-based system and that the Fund Secretariat and the implementing agencies would take established actions according to the Fund Secretariat's assessments (some progress as per Annex II of the report of the 67th meeting) and report to and notify governments and bilateral and implementing agencies as required. The Executive Committee also noted the significant reduction in reporting to date, resulting from the streamlining decision which had led to the elimination at the 67th meeting of 81 tranche implementation plan reports for 81 non-HCFC multi-year agreements (MYAs), and 96 tranche implementation plan reports for HPMPs in 62 countries, some involving tranches from multiple agencies (decision 67/5, sub-paragraphs (a)(ii), (a)(iii) and (a)(iv)). The Executive Committee further requested the submission to its 69th meeting of additional status reports on the remaining 34 projects with specific reporting requirements (decision 67/5, sub-paragraph (d)(v)).

E. FUND ACHIEVEMENTS SINCE INCEPTION

(i) Total ODS phased out

44. Since 1991, 6,681 projects and activities (excluding cancelled and transferred projects) had been approved, with the following geographical distribution: 2,762 projects and activities for countries in Asia and the Pacific; 1,676 for countries in Latin America and the Caribbean; 1,545 for countries in Africa, 405 for countries in Europe; and 293 with global coverage. Of the 458,578 tonnes of ODS to be eliminated once all these projects have been implemented, a total of 447,793 tonnes of ODS had already been phased out. A breakdown by production and consumption and by sector is given in table I of Annex I to the present report. The sectoral distribution of the actual ODS phased out is indicated in the table below:

Sectors	ODP tonnes phased out*
Aerosol	26,809
Destruction	0
Foam	65,712
Fumigant (methyl bromide)	6,618
Halon (production and consumption)	88,381
Projects in multiple sectors	455
Process agent (production and consumption)	55,434
National phase out plan (production and consumption)	54,470
Production	89,860
Refrigeration	50,389
Several	714
Solvent	7,318
Sterilant	60
Tobacco expansion	1,574
Total	447,793

*Excluding cancelled and transferred projects

(ii) Funding and disbursement

45. The total funds approved by the Executive Committee since 1991 in order to achieve this phase-out of ODS and to implement both ongoing investment projects and all non-investment projects and activities amounted to US \$2,817,000,358, including US \$283,514,890 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 ‡	US \$ disbursed§
UNDP	676,764,013	580,949,155
UNEP	218,161,749	181,587,109
UNIDO	706,186,067	531,988,236
World Bank	1,073,189,364	999,576,991
Bilateral	142,699,165	120,358,876
Total	2,817,000,358	2,414,460,367

F. FUNDING APPROVALS DURING THE REPORTING PERIOD

(i) Projects and activities approved during the reporting period (66th and 67th meetings of the Executive Committee)

46. During the reporting period, the Executive Committee approved a total of 101 additional projects and activities, with a planned phase-out of 522 ODP tonnes in the production and consumption of controlled substances. The total funds approved for project/activity implementation, amounting to US \$43,652,280 including US \$3,273,203 for agency support costs, are as follows by agency:

Agency	US \$	US \$ support	US \$ total
UNDP	14,397,189	1,078,978	15,476,167
UNEP	3,750,178	241,551	3,991,729
UNIDO	17,214,829	1,272,526	18,487,355
World Bank	1,654,512	282,564	1,937,076
Bilateral	3,362,369	397,584	3,759,953
Total	40,379,077	3,273,203	43,652,280

(ii) 2012 work programmes

47. The 66th meeting approved the 2012 work programmes of the implementing agencies, deferring some projects, approving the change of implementing agencies and posing a number of conditions: UNDP (decision 66/21); UNEP (decisions 66/21, 66/23 and 66/24); and UNIDO (decisions 66/21 and 66/25).

48. Amendments to the 2012 work programmes of UNDP, UNEP and UNIDO were also approved by the 67th meeting as part of the blanket approval of projects and activities under decision 67/18.

(iii) Investment projects

49. Of the total funds approved in the period under review, the Executive Committee allocated US \$31,266,368, including US \$2,421,197 for agency support costs, for the implementation of investment projects to eliminate an estimated quantity of 522 ODP tonnes in consumption and production of ODS. A breakdown by sector of projects approved since inception is given in table 2 of Annex I to the present report.

50. The Executive Committee also approved 16 new agreements at its 66th meeting, and 4 new agreements at the 67th meeting, with commitments in principle totalling US \$63,672,602. Details of the amounts per country, agency and ODP tonnes to be phased out can be found in table 3 of Annex I to the present report. US \$33,973,646, including US \$2,685,029 in agency support costs have been approved during the reporting period for tranches of these agreements.

‡ As at 12 September 2012 (excluding cancelled and transferred projects)

§ As at 31 December 2011 (excluding cancelled and transferred projects)

Demonstration projects

51. During the period under review, five demonstration projects were approved for ODS destruction amounting to a total of US \$5,739,976 including US \$429,117 in agency support costs.

(iv) Non-investment activities*Technical assistance and training*

52. During the period under review, one technical assistance project amounting to US \$226,000, including US \$26,000 for agency support costs, was approved, bringing the cost of technical assistance projects and training activities approved since the inception of the Multilateral Fund to a total of US \$139,353,251 (excluding cancelled and transferred projects). This amount does not include the non-investment components of MYAs, core unit costs and Compliance Assistance Programme (CAP) budgets.

Institutional strengthening

53. Since the Twenty-third Meeting of the Parties, US \$3,591,469 including agency support costs of US \$120,112 were approved for IS projects. This brings the total approvals by the Executive Committee to US \$97,178,582 IS projects in 144 Article 5 countries. When approving funding for IS projects, the Executive Committee expressed certain views that were annexed to the reports of the respective meetings.

54. The 66th meeting of the Executive Committee also discussed the IS progress report for the Democratic People's Republic of Korea and requested UNEP and other interested implementing agencies to further develop proposed alternative methods of disbursement, organizational structures and monitoring procedures, taking into account the experience of other agencies working on the ground in that country, for the consideration of the Executive Committee at its 68th meeting (decision 66/15, sub-paragraph (k)(ii)).

G. MONITORING AND EVALUATION**(i) Desk study on evaluation of multi-year agreement projects**

55. The 66th meeting considered comments on the desk study that had been compiled by the Senior Monitoring and Evaluation Officer and requested her, when preparing the final report of the evaluation, to also take into consideration those comments and observations that had been received by the Fund Secretariat by the 66th meeting (decision 66/11, sub-paragraph (b)).

(ii) Terms of Reference for the evaluation of multi-year agreement projects (second phase)

56. The 66th meeting considered the terms of reference for the evaluation of MYA projects (second phase), which were different from those dealt with by the Executive Committee in the past, and requested the inclusion of more information on the planning of the evaluation, the related schedule, the criteria for selecting the consultant and the costs. The Senior Monitoring and Evaluation Officer was requested to revise the terms of reference, taking into consideration the comments made by the members of the Executive Committee, for consideration at a future meeting (decision 66/12, sub-paragraph (b)).

57. At the 67th meeting the Senior Monitoring and Evaluation Officer presented the revised terms of reference for the evaluation of MYA projects (second phase). The Executive Committee thanked the Senior Monitoring and Evaluation Officer for her work but also asked that the terms of reference have a narrower focus and include both the lessons learned that could be of use to future MYA projects as well as some description of timing. A contact group was set up to finalize the terms of reference and an addendum was issued to document UNEP/OzL/ExCom/67/8. The Executive Committee took note the terms of reference for the evaluation of MYA projects (second phase) contained in documents UNEP/OzL.Pro/ExCom/67/8 and Add.1 (decision 67/7).

(iii) Desk study on the evaluation of methyl bromide projects

58. The 66th meeting heard a report on the desk study on the evaluation of methyl bromide projects, which examined the sustainability of alternatives adopted through investment projects and the risk of returning to methyl bromide use in African countries; as well as the proposal that the final stage of the evaluation would involve a field study in a sample of countries that would concentrate on larger consumers, and on the results obtained through investment projects. Following a discussion, and noting the caveat that the final phase of the study should not exceed the bounds of an evaluation, the Executive Committee took note of the information provided, including the proposed evaluation issues and approach for the final phase of the evaluation of methyl bromide projects (decision 66/13).

(iv) Desk Study for evaluation of metered-dose inhaler (MDI) projects

59. The 67th meeting heard a report on the desk study on the evaluation of metered-dose inhaler (MDI) projects. The Senior Monitoring and Evaluation Officer said that although the guidelines for the preparation of MDI projects had only been noted by the Executive Committee they had been closely followed when preparing proposals and contained many common elements. She also informed the meeting that the CFC tonnages associated MDI projects had only been specified for Argentina, China, Egypt and the Islamic Republic of Iran and that for other countries the tonnages had to be deducted from their national phase-out plans. Following a discussion it was suggested that the additional information that had been provided verbally by the Senior Monitoring and Evaluation Officer should be incorporated into the desk study report before proceeding with the second stage evaluation as the report would be a useful reference document. The issue was referred for further consideration by a contact group and following the meeting of the contact group the Senior Monitoring and Evaluation Officer informed the meeting that an addendum to document UNEP/OzL.Pro/ExCom/67/9 had been issued that took into account the comments that had been made. The Executive Committee took note of the information provided in the desk study for evaluation of metered-dose inhaler projects in documents UNEP/OzL/ExCom/67/9 and Add.1, including the proposed evaluation issues for the second phase of the evaluation.

(v) Progress reports as at 31 December 2011

Consolidated progress report

60. The 67th meeting took note of the consolidated progress report contained in document UNEP/OzL/ExCom/67/10, noting with appreciation the implementing agencies' efforts to address, in the limited time available to them, the requirement that one of the two remarks columns in the Annual Progress and Financial Report (APF) be used to report the latest non-financial data available related to projects (decision 66/16, sub-paragraph (d)). It also encouraged the bilateral and implementing entities to fully implement all of the elements required for the Remarks column, as specified in the Operational Guidelines for progress reporting. The Executive Committee recommended that countries expedite the completion of the following individual CFC phase-out projects that had planned post-2012 completion dates: metered-dose inhaler projects in Argentina, China, India and Pakistan; one chiller project in Côte d'Ivoire; one solvent project in Argentina; and one pharmaceutical aerosol sector project in China. The Executive Committee also requested bilateral and implementing agencies to submit outstanding project completion reports (PCRs) for MYAs completed more than six months previously as soon as possible and encouraged implementing agencies to submit PCRs for stage I of HPMPs before submission of the second tranche of stage II of HPMPs; and requested bilateral and implementing agencies to identify in PCRs the amount of funds from the balances for CFC activities used for HCFC activities (decision 67/8).

Progress reports of the bilateral and implementing agencies

61. The progress reports of the bilateral and implementing agencies were noted by the 67th meeting, which also made a number of requests to the agencies in the following decisions: bilateral agencies (decision 67/9); UNDP (decision 67/10); UNEP (decision 67/11), UNIDO (decision 67/12) and the World Bank (decision 67/13).

(vi) Evaluation of the implementation of the 2011 business plans

62. The Executive Committee noted the implementing agencies' performance against their 2011 business plans as contained in document UNEP/OzL/ExCom/67/16, as well as the clarifications provided at the meeting and the quantitative assessment of the performance of the implementing agencies for 2011 on a scale of 100 as follows:

UNDP (89), UNEP (71), UNIDO (89) and the World Bank (66). UNEP and the World Bank were also requested to hold open and constructive discussions with NOUs in various countries with respect to those countries' qualitative assessments of agency performance and to report back to the Committee at its 68th meeting (decision 67/14).

(vii) Tranche submission delays

63. At the 66th meeting, it was noted that ten of the 17 annual tranches of MYAs due for submission had been submitted on time to the 66th meeting (decision 66/14, sub-paragraph (b)); while at the 67th meeting it was noted that seven of the 18 annual tranches of MYAs due for submission had been submitted on time to the 67th meeting (decision 67/4, sub-paragraph (a)(iii)). The Executive Committee at its 67th meeting requested the Fund Secretariat to send letters to the Governments of Brazil, Chile, the Islamic Republic of Iran, Mexico and Saint Lucia urging the submission of the second tranches of their HPMPs to the 68th meeting of the Executive Committee (decision 67/4, sub-paragraph (c)).

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

64. The 66th meeting noted the progress reports submitted pursuant to specific reporting requirements on approved projects and took the required action (decisions 66/15).

H. POLICY MATTERS (not already covered)

(i) Systematizing and streamlining reporting on progress to the Executive Committee across the spectrum of reports

65. The 66th meeting considered the systematizing and streamlining of the reporting on progress across the spectrum of reports presented to the Committee. After noting the document on the issue prepared by the Fund Secretariat, the Executive Committee decided that a new agenda item "Status reports and compliance" would replace both the agenda items on the "Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures" and the "Report on implementation of approved projects with specific reporting requirements". It was also decided that tranche implementation plan (TIP) reports were not required in the absence of a funding request except when there was an issue of the application of a penalty clause or a change to targets in approved TIPs. The Executive Committee also decided that agencies could submit project completion reports for MYAs and any available verification reports, together with the table entitled "Overall implementation plan and annual implementation report" (Table 8 in document UNEP/OzL.Pro/ExCom/66/18) of the approved format for project completion reports for MYAs, in lieu of TIPs and TIP reports, for: refrigerant management plans, terminal phase-out management plans, national phase-out management plans for CFC, CTC and methyl bromide and, in the event that a verification report was completed before a project completion report, to submit the verification in the context of a status report or an APF. The Executive Committee requested UNEP to present its detailed annual progress report on CAP activities to the third meeting of each year in the context of the annual CAP approval, and to identify any project implementation impediments for the CAP project in the APF. The Executive Committee also decided to review the effectiveness of the present decision at its first meeting in 2015 (decision 66/16, sub-paragraphs (b)(i), (b)(iii), (b)(iv), (b)(v) and (c)).

(ii) ODS disposal demonstration projects not submitted to the 66th Meeting

66. The 66th meeting considered the issue of project preparation funding for ODS disposal demonstration projects for several low-volume-consuming countries, some of which had not been submitted to the meeting, and some of which had been submitted but then deferred due to inconsistencies with decision 58/19. The Executive Committee decided that those ODS disposal projects for low-volume-consuming countries for which project preparation funding had been already approved at previous meetings could be submitted. The Executive Committee also decided not to approve the resubmission of the project preparation requests for pilot ODS disposal projects for low-volume-consuming countries in South America (decision 66/18).

(iii) Multilateral Fund Climate Impact Indicator (MCII)

67. The 66th meeting took up the issue of the Multilateral Fund Climate Impact Indicator (MCII) but due to a lack of time decided to defer further consideration of the report until its 67th meeting (decision 66/53). At the 67th meeting the Fund Secretariat introduced the MCII and said that, in order to facilitate discussions, an online forum had been established and contained, as at the time of the 67th meeting, the contributions of three agencies and three members of the Executive Committee. The meeting was also informed that the MCII was already providing information that was being used by the Fund Secretariat in preparing documents for the Committee and had therefore moved beyond the experimental stage. The Executive Committee took note of the experience gained in implementing the MCII and requested the Fund Secretariat to finalize its development for the different sectors highlighted in document UNEP/OzL.Pro/ExCom/67/34, and in light of any comments received prior to and during, the 67th meeting. The Fund Secretariat was requested to present a fully-developed version of the MCII to the Executive Committee no later than its 69th meeting, and to propose options for its further implementation; and to inform the Executive Committee no later than its 70th meeting of the progress made and experience gained in applying the MCII to project submissions (decision 67/32).

(iv) Submission of tranches for stage I of HPMPs

68. At the 66th meeting the Executive Committee discussed the need to set a limit on the funding level of the tranches for stage I HPMPs that could be considered for blanket approval and decided to request the Secretariat to submit for blanket approval all future tranches for stage I HPMPs provided that they were in accordance with relevant policies and decisions of the Multilateral Fund, that they contained no policy issues, that all technical and cost issues had been agreed between the Secretariat and relevant bilateral and/or implementing agencies and that the total requested funding for the tranche was less than US \$1 million (decision 66/19).

(v) Distribution of confidential documents

69. The 66th meeting took up a proposal that the Fund Secretariat provide any identified technical information or Executive Committee document to any designated individual identified to be on the delegation of the Executive Committee member making the request. It was also proposed that the Fund Secretariat upload onto the Multilateral Fund website all documents to be considered at a Meeting of the Executive Committee unless requested not to do so by the Executive Committee. Due to an absence of time to fully discuss the issue, the Executive Committee decided to defer further consideration until its 67th meeting and requested the Fund Secretariat to review the current practice and relevant decisions and propose measures to ensure the secure and timely distribution of confidential material to designated members of the Executive Committee (decision 66/55).

70. At its 67th meeting the Executive Committee considered document UNEP/OzL.Pro/ExCom/67/36 which contained a review of the current practice on the distribution of confidential material to members of the Executive Committee. The Executive Committee took note of the document and decided to apply, with regard to the review of confidential documents by the Executive Committee, the procedure set out in Part III of the “Guidelines for the financing of projects using technology that is not in the public domain” (Annex XIV to document UNEP/OzL.Pro/ExCom/38/70/Rev.1), approved by the Executive Committee in decision 38/63, and other decisions taken by the Executive Committee related to the handling of confidential documents and information. The Fund Secretariat was requested to maintain a list of confidential documents issued from the 53rd meeting onwards and to post the list on the Multilateral Fund intranet, updating it as necessary at each meeting of the Executive Committee (decision 67/34).

(vi) Endorsement by Governments

71. At the 67th meeting of the Executive Committee concerns were raised about the practice of one implementing agency of providing information to the Fund Secretariat without first checking with the government concerned. It was also pointed out that the implementing agency had on several occasions interacted directly with stakeholders without keeping the government concerned informed. Clarification was sought on the applicable procedures and it was suggested that a decision be adopted to ensure: that submissions made on behalf of Article 5 countries by bilateral and implementing agencies were only made with the prior written consent of the government concerned, and that the agencies did not collect information from project beneficiaries without the consent of the relevant government.

72. The Executive Committee was informed by the Fund Secretariat that a procedure was in place, and had been since the 3rd meeting of the Executive Committee, pursuant to which any request for funding had to be accompanied by a letter of endorsement from the government concerned before it could be considered by the Fund Secretariat for submission to the Executive Committee. That procedure had been followed in all cases. The Executive Committee had also taken decision 30/6(e) which requested bilateral and implementing agencies to inform the National Ozone Units (NOUs) of the purpose and outcome of all missions by their staff and consultants to the countries concerned and always to involve the NOUs in project identification and preparation.

73. It was agreed that it was important to ensure that countries were informed of, and agreed with, activities at the national level and the representatives of the implementing agencies confirmed that the requirement of official endorsement was followed when submitting projects for Article 5 countries. In light of the discussion the Executive Committee requested the Fund Secretariat to prepare a document for the 68th meeting which outlined the procedures currently in force for the submission of project proposals from bilateral and implementing agencies on behalf of governments (decision 67/17).

I. FUND SECRETARIAT ACTIVITIES

74. During the period under review, the Fund Secretariat had taken action pursuant to the decisions taken by the Executive Committee at its 66th and 67th meetings. It had also prepared documentation and provided conference services for the 66th and 67th meetings. Proposals for projects and activities from implementing agencies and bilateral partners had been submitted amounting to US \$472,139,024. In addition to the documents customarily prepared for Executive Committee meetings, the Fund Secretariat had also prepared documents, *inter alia*, on the policy matters referred to above.

75. The Fund Secretariat had analysed and reviewed 112 funding requests and provided comments and recommendations for the Executive Committee's consideration. The requested level of funding for approval at the 66th and 67th meetings amounted to US \$131,705,193.

J. MATTERS RELATING TO THE MEETING OF THE PARTIES

76. The 67th meeting reviewed the draft report of the Executive Committee to the Twenty-fourth Meeting of the Parties, which covered the 66th meeting. The Fund Secretariat was authorized to finalize it in the light of the discussions held and decisions taken at the 67th meeting (decision 67/35).

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

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

K. REPORTS OF THE EXECUTIVE COMMITTEE

79. The reports of the 66th and 67th meetings (UNEP/OzL.Pro/ExCom/66/54 and UNEP/OzL.Pro/ExCom/67/39, respectively), and meeting summaries have been distributed to all Parties to the Montreal Protocol. The reports of these meetings and previous Executive Committee meetings are available from the Fund Secretariat on request or can be accessed at the web site of the Fund Secretariat (www.multilateralfund.org).

Annex I

TABLES WITH DATA ON PROJECT APPROVALS

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

Sector	ODP approved	ODP phased out
Consumption		
Aerosol	27,808	26,809
Destruction	45	0
Foam	68,893	65,712
Fumigant	7,948	6,618
Halon	39,380	46,423
Multi-sector	670	455
Other	1,530	1,574
Process agent	19,573	6,090
Phase-out plan	45,590	43,482
Refrigeration	53,560	50,389
Several	753	714
Solvent	7,313	7,318
Sterilant	55	60
Total Consumption	273,116	255,643
Production		
CFC	87,251	85,297
Halon	31,581	43,158
CTC	65,841	63,032
TCA	213	213
MBR	576	450
Total Production	185,462	192,150

* Excluding cancelled and transferred projects

Table 2: Sectoral distribution of approved investment projects since inception

Sector	ODP tones	US \$ approved
Aerosol	27,650	89,925,372
Destruction	0	0
Foam	68,769	421,498,780
Fumigant	7,635	108,018,904
Halon	64,118	77,795,380
Multi-sector	670	2,568,987
Other	1,530	17,023,270
Process agent	71,508	129,528,752
Phase-out plan	56,113	469,095,979
Production	91,940	347,948,863
Refrigeration	45,309	485,896,917
Solvent	7,276	102,881,070
Sterilant	55	1,198,819
Total	442,572	2,253,381,095

* Excluding cancelled and transferred projects

Table 3: HPMPs approved during the reporting period

Country	To be implemented by (lead agency/cooperating agency)	Total phase-out (in ODP tonnes)	Funding approved in principle (US \$)		
			Project funds	Support costs	Total
Algeria	UNEP	14.48	1,993,331	152,731	2,146,062
Antigua and Barbuda	UNEP	0.03	51,700	6,721	58,421
Argentina	IBRD	83.53	914,612	68,596	983,208
	UNIDO		9,560,542	717,041	10,277,583
	Italy		300,000	39,000	339,000
Bosnia and Herzegovina	UNIDO	6.58	953,284	71,496	1,024,780
Brunei Darussalam	UNDP	2.14	132,000	11,880	143,880
	UNEP		183,000	23,790	206,790
Cote d'Ivoire	UNEP	22.33	905,740	109,631	1,015,371
	UNIDO		920,000	69,000	989,000
Djibouti	UNEP	0.24	164,500	21,385	185,885
Eritrea	UNEP	0.03	84,500	10,985	95,485
	UNIDO		80,000	7,200	87,200
Guinea	UNIDO	341.77	320,000	24,000	344,000
	UNEP		327,000	42,510	369,510
India	Germany	341.77	1,994,400	229,384	2,223,784
	UNDP		18,438,490	1,382,887	19,821,377
	UNEP		861,600	104,776	966,376
Kenya	France	11.00	900,000	109,000	1,009,000
Kuwait	UNIDO	239.15	8,861,677	664,626	9,526,303
	UNEP		1,043,000	124,730	1,167,730
Mozambique	UNEP	2.27	165,000	21,450	186,450
	UNIDO		150,000	13,500	163,500
Nepal	UNDP	0.64	84,000	7,560	91,560
	UNEP		126,000	16,380	142,380
Nicaragua	UNEP	2.69	108,000	14,040	122,040
	UNIDO		222,000	19,980	241,980
Niger	UNEP	5.60	275,000	35,750	310,750
	UNIDO		285,000	21,375	306,375
Somalia	UNIDO	1.85	315,000	22,050	337,050
South Africa	UNIDO	176.72	6,533,556	457,349	6,990,905
Sudan	UNIDO	16.15	1,456,341	109,226	1,565,567
United Republic of Tanzania	UNIDO	0.59	100,000	9,000	109,000
	UNEP		110,000	14,300	124,300

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

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

Category I:

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

Category II:

“Ten general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer but may require new actions in the short term. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report”. These include recommendations: 1, 3, 4, 9, 11, 12, 17, 20, 23 and 26.

Category III:

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

4. The following report therefore covers the recommendations falling under the first two categories where further work needed to be done and new information was available. As reported to the previous Meetings of the Parties, efforts with respect to recommendations 1, 2, 3, 4, 6, 7, 9, 11, 12, 16, 17, 18, 20, 21, 22, 23, 25, and 28 have taken place on a regular basis and no further action in addition to the existing practice of the Executive Committee is required. Under this reporting period, the recommendation 15 and 26 do not require further action by the Committee.

B. Recommendations under the first two categories

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

5. During this reporting period, the Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and concern was expressed regarding arrears in contributions and the length of time that these had existed.

6. At the 66th meeting heard a report from the Chief Officer on her meeting with the representatives of the Russian Federation on the margins of the Twenty-third Meeting of the to the Montreal Protocol to discuss the outstanding contributions of the Russian Federation. At the 67th meeting the Chief Officer informed the Executive Committee that a further meeting with senior representatives of the Russian Federation had taken place in Moscow, leading to the signing of the outcome of the meeting in which the Russian Federation undertook to start paying its pledges to the Fund from 2013. The Executive Committee took note with appreciation the Government of the Russian Federation’s intent to start payments to the Multilateral Fund from 2013 with the understanding that future contributions of the Russian Federation would not be associated with the outstanding pledges for prior years, and that the administrative process within the Government of the Russian Federation would be completed in due time to ensure that the payment of the 2013 contribution could be made. It also requested the Chair of the Executive Committee to write to the Government of the Russian Federation welcoming its future contributions and future engagement in the Multilateral Fund and requested the Treasurer to maintain the outstanding contributions of the Russian Federation in the outstanding contributions category of the accounts of the Fund.

Annex III

AMOUNTS OF HCFCs¹ CONSUMPTION PHASED-IN (ODP TONNES)

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Algeria	54.8	6.0
Argentina	749.5	82.1
Bahrain	15.5	1.7
Bolivia	5.5	0.6
Bosnia and Herzegovina	29.4	3.2
Brazil	4,904.8	536.6
Chile	238.8	22.5
China	10,162.6	855.7
Colombia	652.8	71.8
Costa Rica	33.5	3.7
Cuba	0.8	0.1
Dominican Republic	137.0	15.1
Egypt	489.4	42.4
El Salvador	18.5	2.0
Guatemala	46.0	5.1
India	4,546.9	486.1
Indonesia	2,722.7	292.3
Iran (Islamic Republic of)	1,022.6	112.5
Jordan	334.3	36.8
Kenya	23.0	2.5
Lebanon	82.0	9.0
Libya	62.2	6.8
Malaysia	1,240.9	132.9
Mauritius	4.3	0.5
Mexico	2,129.2	216.4
Morocco	119.5	13.1
Nicaragua	8.1	0.9
Nigeria	382.6	42.1
Pakistan	790.7	87.0
Panama	14.6	1.6
Paraguay	67.3	7.4
Peru	148.7	16.4
Philippines	525.3	57.8
Romania	194.4	21.4
Serbia	44.7	4.9
Sri Lanka	7.3	0.8
Sudan	4.4	0.5
Syrian Arab Republic	636.1	70.0
Thailand	2,047.2	224.0
The former Yugoslav Republic of Macedonia	76.0	8.4
Tunisia	237.5	22.9
Turkey	376.8	41.4
Uruguay	99.3	10.9
Venezuela (Bolivarian Republic of)	689.1	75.8
Viet Nam	44.9	4.9
Yemen	9.8	1.1
Zimbabwe	11.5	1.3
Total	36,243.3	3,659.2

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