



**MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

**Post Meeting Summary of Decisions of the 62nd Meeting of the Executive Committee of the  
Multilateral Fund for the Implementation of the Montreal Protocol**

**Introduction**

The 62<sup>nd</sup> Meeting of the Executive Committee, which took place in Montreal, Canada from 29 November to 3 December 2010, was attended by the representatives of 11 of the Executive Committee member Parties and by participants co-opted from 24 other countries (see attached list). Mr. Javier Camargo of Colombia presided over his third and final meeting as Chair of the Executive Committee in 2010. The Executive Secretary and Deputy Executive Secretary of the Ozone Secretariat, the President of the Bureau, the President of the Implementation Committee, representatives of the implementing agencies, the Treasurer, the Co-Chair of the Technology and Economic Assessment Panel (TEAP) and a representative from the Environmental Investigation Agency also attended the meeting.

The Executive Committee considered a large number of HCFC phase-out management plans: HPMPs for 15 low-volume consuming (LVC) countries and HPMPs for 5 non LVC countries. In addition the Committee considered the overarching strategy summary and four HCFC sector plans for China, a number of stand-alone HCFC investment and demonstration projects, and other projects related to resource mobilization and ODS destruction. Several important HCFC policy issues identified during the project review process were addressed. The Committee also dealt with items related to the established programme of work for the third meeting of the year which included consideration of the model rolling three-year phase-out plan, and the review of the consolidated project completion report.

The Committee approved investment projects and work programme activities with a value of just over US \$38 million plus US \$8.6 million in support costs for bilateral/implementing agencies, and took a total of 71 decisions including the approval of the first tranches of stage I of HPMPs for 16 countries and HCFC investment projects in nine countries. The most significant decisions and discussions are summarized below.

**Status of contributions and disbursements, balance and availability of resources (decision 62/1)**

The balance of the Fund stood at US \$184,480,377, of which US \$143,713,054 were in cash and US \$40,767,323 in promissory notes. The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible.

**Status of resources and planning**

***Report on balances and availability of resources (decision 62/2)***

The Executive Committee noted the report on balances and availability of resources and that implementing agencies returned US \$1,443,669 to the Multilateral Fund.

### ***2010-2014 business plans and annual tranche submission delays (decision 62/3)***

The Executive Committee reviewed the status of implementation of the 2010 business plans noting that US \$44.2 million in activities required for compliance had not been submitted to the 62<sup>nd</sup> meeting and that all annual tranches of multi-year agreements due for submission had been submitted on time to the 62<sup>nd</sup> meeting.

### ***Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol (decision 62/4)***

The Executive Committee noted the latest report on the status/prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol. The analysis carried out by the Secretariat was based on the latest available data, either country programme data or data reported under Article 7, as of 7 October 2010. The Executive Committee noted the completion of three of the 34 projects that had been identified as having implementation delays and that four projects might be cancelled.

The Executive Committee also requested additional information from the lead agencies for HPMP implementation on the application of licensing systems to the importation of HCFC-based equipment. Furthermore the Committee would continue to request reports on those countries that had not taken the 2007 adjustments to the Montreal Protocol HCFC control measures into account in their licensing system.

UNDP, UNIDO and the World Bank were requested to update the information they had provided to the 62<sup>nd</sup> meeting on the status of actions undertaken to obtain co-financing, as appropriate, for submission to the 63<sup>rd</sup> Meeting.

### ***Updated model rolling three-year phase-out plan: 2011-2013 (decision 62/5)***

The model rolling three-year phase-out plan estimated the HCFC baseline for compliance at approximately 33,700 ODP compared to some 31,200 ODP tonnes taken from the data submitted for 2008 which was used in the business plan of the Multilateral Fund. In light of the business planning approach agreed for the period 2010-2014, the Committee did not take its usual step of adopting the 2011-2013 model rolling three-year phase-out plan as a flexible guide for resource planning for the corresponding period. The actual baseline for HCFC compliance might only be known at the end of 2011 and thus it would appear to be preferable to update the model three-year rolling phase-out plan once the HCFC baseline had been established. The Executive Committee requested the Secretariat to present an updated model three-year rolling phase-out plan for the years 2013-2015 to the second meeting of the Executive Committee in 2012 to provide guidance, as relevant, for the preparation of a business plan for the Multilateral Fund for 2013-2015.

With reference to ODS other than HCFCs, the model rolling three-year phase-out plan estimated that 14,579.3 ODP tonnes of ODS consumption had yet to be phased out in approved multi-year sectoral and national phase-out plans during the remainder of 2010 and in the 2011-2013 triennium. The Executive Committee urged Article 5 countries with approved but not implemented projects to accelerate the pace of their implementation.

## **Programme implementation**

### ***2010 consolidated project completion report (decision 62/6)***

The 2010 consolidated project completion report provided an analysis of project completion

reports (PCRs) received by the Fund Secretariat since the 59<sup>th</sup> Meeting. It considered their quality and the timeliness of submission by the implementing agencies and included a section on lessons learned.

The Executive Committee requested bilateral and implementing agencies to provide the information still missing in a number of PCRs, and to clear the backlog of PCRs for projects completed before the end of 2006, all by the end of January 2011. The Senior Monitoring and Evaluation Officer was requested to address the issue of development of a completion report format for completed multi-year projects as a matter of priority and to inform the 65<sup>th</sup> meeting of the Executive Committee on progress. The Committee also invited all those involved in the preparation and implementation of projects to take into consideration the lessons learnt from PCRs when preparing and implementing future projects.

***Report on implementation of approved projects with specific reporting requirements (decision 62/7)***

The Executive Committee considered three progress reports on the implementation of approved projects with specific reporting requirements from the governments of China, Colombia and Oman. The Committee took note of the report on the implementation of the projects and made a number of requests to follow up on specific issues. In addition the Committee noted a report from UNDP concerning methyl formate as blowing agent in the manufacture of polyurethane foam. Bilateral and implementing agencies were requested to share the UNDP report, 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. Furthermore the agencies were asked to provide to the Multilateral Fund Secretariat with information on HCFC-141b alternatives in polyurethane foam applications as projects were implemented.

The Executive Committee also noted progress reports on chiller projects for Brazil, Colombia, Cuba, Syrian Arab Republic, the global chiller replacement project and for regional projects in Africa, Europe, and Latin America and the Caribbean. A further report on progress achieved in chiller projects would be submitted to the Executive Committee at its 65<sup>th</sup> Meeting.

**Project review – HCFC policy issues**

***Incremental operating costs for the aerosol sector (decision 62/9)***

The Executive Committee decided that the incremental operating costs for the aerosol sector should be determined on the basis of a one-year duration.

***Accelerated phase-out of HCFCs beyond 2020 for LVC countries and increase in HPMP funding (decision 62/10)***

The Executive Committee decided that, for HPMPs for LVC countries which addressed phase-out of HCFCs ahead of the Montreal Protocol schedule and which had been submitted in line with decision 60/15, the total funding available for achieving 100 per cent phase-out would be extrapolated from that available for meeting the 35 per cent reduction in consumption as prescribed in the table in sub-paragraph (f)(xii) of decision 60/44.

***High levels of recorded HCFC consumption in submitted HPMPs for LVC countries (decision 62/11)***

The submission of stage I of HPMPs to assist former LVC countries with HCFC consumption in the refrigeration servicing sector only, that was above 360 metric tonnes to meet control measures up to 2020 will be permitted on the understanding that the level of funding provided would be

considered on a case-by-case basis until otherwise decided.

***Prioritization of HCFCs (decision 62/12)***

The Executive Committee requested bilateral and implementing agencies, when submitting activities to phase out HCFC-22 used in the manufacture of refrigeration and air conditioning equipment, to estimate the total future amount of HCFC-22 that could potentially be required until 2020 for servicing such equipment. When submitted activities to phase out HCFC-22 used in the refrigeration servicing sector, agencies would have to clearly demonstrate how the proposed activities would reduce the growth rate in the servicing sector and contribute to meeting the reduction steps in 2013 and 2015. Projects for the phase-out of HCFC-22/HCFC-142b used for the manufacture of extruded polystyrene (XPS) foam would be considered when it was clearly demonstrated that they would be required by national circumstances and priorities to comply with the 2013 and 2015 control measures. All other XPS foam projects would be considered after 2014.

***Cost-effectiveness threshold for the rigid insulation refrigeration foam sub-sector (decision 62/13)***

The cost-effectiveness threshold for rigid insulation refrigeration foam was set at US \$7.83/kg with up to 25 per cent above this threshold when low-global warming potential alternatives are introduced.

***Sub-sector on the assembly of refrigeration equipment in addition to refrigeration manufacturing and service sectors (decision 62/14)***

The Executive Committee requested bilateral and implementing agencies, when submitting projects related to the installation, assembly and charging sub-sector, to demonstrate that each of those enterprises participating in the project had invested in equipment, development of products, or training of personnel specific to HCFC technology significantly exceeding the level of such investments prevalent in the service sector. The activities foreseen for those enterprises represent incremental costs.

***Funding of institutional strengthening projects as part of an HPMP (decision 62/15)***

The Executive Committee reiterated that the inclusion of institutional strengthening (IS) funding in an HPMP, in line with decision 59/17, made it subject to the performance-based targets under the multi-year agreement covering the HPMP including all the conditions required for future tranche funding. Bilateral and implementing agencies were requested to inform Article 5 countries of the consequences of choosing to include IS in the HPMP and remind them that they could continue to receive IS funding as stand-alone projects.

***Guidance on the justification for second-stage conversion (decision 62/16)***

Regarding the justification for second-stage conversion of enterprises that had formerly received Multilateral Fund assistance for conversions from CFC to HCFC technologies, the Executive Committee decided that project proposals that included requests for second-stage conversions should provide the following specific information as part of the justification required by decision 60/44. The proportion of HCFCs consumed by such enterprises would need to be provided as a percentage of total HCFC consumption in the country, the total HCFC consumption in the manufacturing sector, and total consumption of HCFC-141b in the foam sector, and the estimated cost-effectiveness value, in ODP and metric tonnes, of the proposed second-stage conversion projects as compared with the estimated cost-effectiveness of phasing out HCFC consumption in other manufacturing enterprises in all sectors

would also have to be provided.

***Last funding tranche of multiyear HCFC phase-out plans (decision 62/17)***

The Executive Committee requested bilateral and implementing agencies, when preparing multi-year HPMPs, to ensure that the last tranche comprised 10 per cent of the total funding for the refrigeration servicing sector in the agreement and was scheduled for the last year of the plan.

***Consideration of projects (decisions 62/18 to 62/60)***

The Executive Committee approved 86 investment projects and work programme activities in 50 countries at a total value of US \$38,313,126 plus support costs of US \$8,601,535. These included the first tranches of stage one of the HPMPs for 13 LVC countries (Armenia, Belize, Burkina Faso, Chad, Dominica, Gabon, Grenada, Madagascar, Malawi, Serbia, Sri Lanka, Togo and Turkmenistan) and three non-LVC countries (Colombia, Nigeria and Pakistan); 16 HCFC stand-alone projects in nine countries (Algeria, Bangladesh, Egypt, Morocco, Philippines, Saudi Arabia, Sudan, Turkey and the Syrian Arab Republic); and 27 countries received support for the extension of their IS projects. The Executive Committee also approved the implementation of a pilot project for ODS waste management and disposal in Cuba to destroy a total of 45.3 metric tonnes of ODS waste.

***HCFC phase-out activities in China (decision 62/60)***

The Executive Committee noted with appreciation the submission by the Government of China of its overarching strategy for the HCFC phase-out management plan, the accompanying sector plans for polyurethane foam, extruded polystyrene foam, the industrial and commercial refrigeration and air conditioning, the room air-conditioner manufacturing, and other demonstration projects, and agreed that they formed a good basis for continuing to consider assistance for China at its 63<sup>rd</sup> meeting. The difficulties and challenges facing the Government of China and its industry to meet the 2013 and 2015 Montreal Protocol HCFC control targets were also noted, and China and interested members of the Executive Committee were requested to hold intersessional consultations with a view to facilitating discussions at the 63<sup>rd</sup> Meeting. The Committee confirmed its commitment to provide Multilateral Fund assistance to China to ensure its compliance with the accelerated phase-out and requested the relevant bilateral and implementing agencies to submit the four sector plans and demonstration projects to the 63<sup>rd</sup> Meeting.

***Resource mobilization for climate co-benefits (decisions 62/20, 62/22 and 62/23)***

The Executive Committee deferred consideration of the requests submitted by UNDP, UNEP and the World Bank for funding for resource mobilization for climate co-benefits to its 63<sup>rd</sup> Meeting taking into consideration any additional information provided by the implementing agencies. Inter-sessional consultations on all the proposals for resource mobilization for HCFC co-benefits would take place before the 63<sup>rd</sup> meeting led by the delegation of Switzerland.

***UNEP Compliance Assistance Programme (CAP) (decision 62/24)***

The Executive Committee approved the 2011 CAP budget at a level of US \$9,007,000 plus support costs of US \$720,560 with changes requested to some budget line descriptions as well as additional reporting requirements. UNEP was requested to continue to provide detailed information on the activities for which the global CAP funds would be used, to expand the prioritization of funding between CAP budget lines so as to accommodate changing priorities; and to provide details on the reallocations made for its budget. It was also asked to continue to report on the current staff post levels and to inform the Executive Committee of any changes therein, particularly in respect of any

increased budgetary allocations and to make every effort to avoid an increase in the budget lines for activities in the 2012 CAP budget.

***2011 core unit costs for UNDP, UNIDO, and the World Bank (decision 62/25)***

The Executive Committee approved core unit funding for 2011 of US \$1,970,766 for UNDP, US \$1,970,766 for UNIDO and US \$1,713,000 for the World Bank and decided that the extension of the administrative cost regime for the 2012-2014 triennium could be based on the report on 2012 core unit costs to be prepared by the Fund Secretariat for the 65<sup>th</sup> meeting.

***Incremental costs related to retooling for manufacturing heat exchangers (decision 62/61)***

The Secretariat would prepare a new paper on the issue of whether, in the case of conversion of refrigeration or air-conditioning systems from HCFCs to non-flammable HFCs, the capital costs related to retooling should be treated as an incremental cost, or whether they constituted an avoidable technology upgrade. Views that might be received from experts, implementing agencies or members of the Executive Committee would be incorporated in the document.

***Report on the Multilateral Fund Climate Impact Indicator (decision 62/62)***

The Executive Committee decided to defer consideration of the report on the experience gained in implementing the Multilateral Fund Climate Impact Indicator (MCII) to its 63<sup>rd</sup> meeting.

***Report of the Production Sector sub-group (decision 62/63)***

The Executive Committee noted the preliminary data on HCFC-production plants, submitted by the World Bank on behalf of the Government of China. The Secretariat was authorized to initiate the contracting process for the technical audit of the HCFC production sector in China, bearing in mind that detailed technical audits might not be required for all plants.

***Accounts of the Multilateral Fund***

***2009 final accounts (decision 62/64)***

The Executive Committee noted the Multilateral Fund's audited financial statements as at 31 December 2009 and requested the Treasurer to record in the 2010 accounts the differences between the agencies' provisional and final 2009 accounts.

The Committee also noted that the audit report by the United Nations Board of Auditors referred to the ageing of the Multilateral Fund long-outstanding pledges and recommended that UNEP consider formulating an accounting policy for the treatment of long-outstanding pledges. The Treasurer was requested to bring to the Committee's attention any change UNEP intended to make in the presentation of long-outstanding pledges in the Multilateral Fund accounts and to the current practice of separating the Multilateral Fund accounts from UNEP's accounts.

***Reconciliation of the accounts (decision 62/65)***

The Executive Committee noted the reconciliation of the 2009 accounts and a number of reconciling items, and requested implementing agencies and the Treasurer to carry the necessary adjustments.

***Agreement between UNEP as Treasurer of the Multilateral Fund and the Executive Committee (decision 62/66)***

In respect of treasury services, the Executive Committee noted the Treasurer's indicative report on its 2004-2009 expenditures and decided to maintain the existing level of its fees at US \$500,000 per annum until UNEP reverted to the Executive Committee and requested the Treasurer to include in the accounts of the Fund Secretariat an indicative breakdown of the US \$500,000 annual fees for the provision of treasury services.

***Budget of the Fund Secretariat (decision 62/67)***

The Executive Committee approved the revised 2011 budget of the Fund Secretariat, and the staff salary component of the 2013 budget.

**Other matters**

***Report of the Executive Committee to the Open-Ended Working Group on the progress made in reducing emissions of controlled substances from process-agent uses (decision 62/68)***

Taking into account inter-sessional feedback to be submitted by Executive Committee members following the 62<sup>nd</sup> Meeting, the Secretariat would prepare a revised version of the report to the Open-Ended Working Group on the progress made in reducing emissions of controlled substances from process-agent uses. The revised report would be forward to the Ozone Secretariat for inclusion by the Technology and Economic Assessment Panel in the joint report requested in decision XXI/3 of the Twenty-first Meeting of the Parties.

***Strategy and action plan to assist Haiti (decision 62/70)***

UNEP had been unable to prepare a strategy and action plan to assist Haiti to return to the pre-earthquake implementation level as requested by decision 61/52 and was requested to present it to the 63<sup>rd</sup> Meeting.

***63<sup>rd</sup> and 64<sup>th</sup> Meetings of the Executive Committee (decision 62/71)***

The Executive Committee decided to hold its 63<sup>rd</sup> and 64<sup>th</sup> Meetings in Montreal from 4 to 8 April 2011 and from 11 to 15 July 2011 respectively.

**Report of the 62<sup>nd</sup> Meeting**

A complete record of all decisions made at the 62<sup>nd</sup> Meeting, including those covered in this document, can be found in the "Report of the Sixty-second Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol" (UNEP/OzL.Pro/ExCom/62/62) which is published on the Multilateral Fund's website ([www.multilateralfund.org](http://www.multilateralfund.org)). The report is available in Arabic, English, French, and Spanish.

## Annex I - Attendance at the 62nd Meeting of the Executive Committee

<b>Executive Committee Members</b>	<b>Co-opted countries</b>
<i>Non Article 5</i>	
Canada (Vice Chair)	Australia
Belgium*	Netherlands
France	Germany, Italy and the United Kingdom
Japan	
Switzerland	Sweden
Ukraine	
United States of America	
<i>Article 5</i>	
Colombia (Chair)	Argentina, Plurinational State of Bolivia and Brazil
Grenada	Cuba, Saint Lucia, and Trinidad and Tobago
India	China, Indonesia and Malaysia
Morocco*	Comoros and Mali
Namibia	Egypt and Kenya
Saudi Arabia*	Jordan, Lebanon and Turkey
Senegal	Swaziland and Mauritius

\* Did not attend.