



MULTILATERAL FUND

FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Post Meeting Summary of Decisions of the 71st Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 71st meeting of the Executive Committee, which took place in Montreal, Canada, from 2 to 6 December 2013, was attended by the representatives of 13 of the Executive Committee member Parties and by participants co-opted from 21 other countries (see attached list). Ms. Fiona Walters of the United Kingdom of Great Britain and Northern Ireland presided over her third and final meeting as Chair of the Executive Committee in 2013. Representatives of the implementing agencies, the Treasurer, the Ozone Secretariat (including the Executive Secretary and the Compliance and Monitoring Officer), the Co-chairs and members of the Technology and Economic Assessment Panel (TEAP) Replenishment Task Force, and representatives from the Global Environment Facility, the Alliance for Responsible Atmospheric Policy and the Environmental Investigation Agency also attended the meeting.

The Committee took a total of 52 decisions and approved investment projects and work programme activities for 58 countries, including a large number of tranches of HCFC phase-out management plans (HPMPs) and requests for the extension of institutional strengthening (IS) projects, with a value of US \$83,470,215 plus US \$11,863,378 in support costs for bilateral and implementing agencies.

Advice given by the Secretariat to other organizations (decision 71/1(b))

The Executive Committee requested the Secretariat to incorporate into future reports on Secretariat activities an additional section summarizing the advice given by the Secretariat to other bodies and organizations to enable monitoring and to ensure consistency.

Status of contributions and disbursements (decision 71/2)

The balance of the Fund stood at US \$109,228,470 of which US \$82,980,496 was in cash and US \$26,247,974 in promissory notes. The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and requested the Treasurer, in consultation with the Fund Secretariat, to continue the discussions with the Holy See on its outstanding contributions to the Multilateral Fund and to report back to the Executive Committee at its 72nd meeting.

Status of resources and planning

Report on balances and availability of resources (decision 71/3)

Bilateral and implementing agencies returned US \$4,243,507 (including net level of funds and support costs) to the Multilateral Fund. Implementing agencies with projects completed over two years previously, were requested to return the balances at the 72nd meeting, or as soon as possible thereafter. UNEP was also requested to return all unobligated balances identified in document UNEP/OzL.Pro/ExCom/71/4 to the 72nd meeting.

2013-2015 business plans and tranche submission delays (decision 71/4)

The Executive Committee noted the report on the status of the 2013-2015 business plans and tranche submission delays, and that 49 out of 66 tranches of multi-year agreement (MYA) projects due for submission had been submitted on time to the 71st meeting although five of them had subsequently been withdrawn after discussions with the Fund Secretariat. The Committee requested the Secretariat to send letters to the Governments of the countries concerned urging the submission of the next tranches of their MYAs. Bilateral and implementing agencies were requested to address those activities not submitted in 2013 as planned in their 2014-2016 business plans.

Status reports and compliance

Country programme implementation and implementation delays (decision 71/5)

The Executive Committee considered the Secretariat's analysis of the status of compliance of Article 5 countries that are subject to the Montreal Protocol's control measures. The analysis was based on the latest available data, either country programme data or data reported under Article 7, as of 8 October 2013. Eighty of 122 country programme data reports for the year 2012 had been submitted through the web-based system.

The Executive Committee requested that additional status reports be provided by the bilateral and implementing agencies regarding 78 projects, and asked the Secretariat to send letters to three countries regarding the possible cancellation of four projects (two for HCFC phase-out project preparation (one country); preparation of a pilot demonstration project for ODS disposal; and one technical assistance project for the phase-out of methyl bromide in soil fumigation). The Committee also reinstated project preparation activities for HCFC phase-out in Costa Rica, Cuba and Paraguay that had been closed as per decision 70/7(b)(iii).

Reports on approved projects (decisions 71/6 and 71/17)

The Executive Committee considered a number of reports on the implementation of approved projects with reporting requirements including the extension of institutional strengthening project (phase III) in Haiti; the methyl bromide project in Guatemala; the national CFC phase-out management plan in the Philippines; CTC phase-out in process agent applications (phase II) in China; chiller projects; delays in the completion of CFC, CTC and halon projects; CFC production, halon and CTC sector plans in China; resource mobilization for climate co-benefits; and HCFC demonstration projects. . The Committee made a number of requests to follow up on specific issues.

With respect to the assessment report entitled "Assessment of the use in Colombia of super-critical CO₂ technology for polyurethane spray foam", the Committee requested bilateral and implementing agencies to share the assessment report, together with information on other alternatives, when assisting Article 5 countries in preparing projects for the phase-out of HCFC-141b in polyurethane spray foam applications.

2014-2016 business plans (decisions 71/18 - 71/23)

The Executive Committee endorsed the 2014-2016 consolidated business plan of the Multilateral Fund as adjusted by the Secretariat and the Executive Committee, while noting that endorsement denoted neither approval of the projects identified therein nor their funding or tonnage levels. Furthermore the Committee noted the 2014-2016 business plans of bilateral cooperation submitted by the Governments of Germany, Italy and Japan and the 2014-2016 business plans of UNDP, UNEP, UNIDO and the World Bank.

Performance indicators, which would provide the basis for the evaluation of agencies' performance in 2014, were approved for the four implementing agencies.

Programme implementation

2013 consolidated project completion report (decision 71/24)

The Executive Committee requested bilateral and implementing agencies to take a number of actions related to project completion reports (PCRs) by the end of January 2014. The agencies, in cooperation with the Secretariat, should establish full consistency of data reported in the PCRs in the Inventory of approved projects database and in the annual progress reports, provide the information still missing in a number of PCRs, and clear the backlog of PCRs on projects completed before the end of 2006. The Committee also invited all those involved in the preparation and implementation of projects to consider the lessons learned from PCRs when preparing and implementing future projects.

Evaluation studies (decisions 71/25 and 71/26)

The Executive Committee noted the desk study on the evaluation of the preparatory phase of the phasing out of HCFCs and its recommendations (decision 71/25) and the evaluation of projects for the conversion of CFC based metered-dose inhalers (MDI) to non-CFC technologies as an interim report (decision 71/26). With regard to the MDI evaluation the Committee requested the Senior Monitoring and Evaluation Officer (SMEO) to visit two additional countries and to submit a final report, with, *inter alia*, an analysis of the technology issues surrounding the conversion to alternative technologies, the conclusions, and lessons learned, to the 72nd meeting.

Monitoring and evaluation work programme for the year 2014 (decision 71/27)

The SMEO would prepare a revised monitoring and evaluation work programme for the year 2014, taking into account the specific suggestions made at the 71st meeting and any additional suggestions for further study from Executive Committee members submitted to the Secretariat before 15 January 2014. The revised 2014 work programme would be considered at the 72nd meeting.

Performance indicators (decision 71/28)

The Executive Committee considered the relevance of some performance indicators and the redefinition of others given that the main project modality of the Multilateral Fund had shifted from individual to MYA projects and decided to modify the performance indicators established in decision 41/93, as modified by decision 47/51. The full decision contains the list of performance indicators, details on how they are calculated and their weighting.

Project review

Fund disbursement threshold for tranches of HCFC phase-out management plans (decision 71/29)

Following a discussion on the application of the required 20 per cent disbursement threshold for the previous tranche of stage I of the HPMP before submission of the next tranche for the Committee's consideration, the Executive Committee confirmed that achievement of the 20 per cent disbursement threshold provision should be determined in terms of the level of disbursement to final beneficiaries, where applicable. The Secretariat would review the application of the 20 per cent disbursement threshold provision for the 72nd meeting with a view to clarifying and ensuring its consistent application, and to enable consideration of alternative options for defining pre-conditions for submission of MYA tranches.

Project approvals (decisions 71/30 to 71/41)

The Executive Committee approved 97 investment projects and work programme activities in 58 countries at a total value of US \$83,470,215 plus support costs of US \$11,863,378.

Verification reports for low-volume consuming (LVC) countries

The Executive Committee approved funding for 16 countries¹ to prepare their individual verification audit reports. The countries received US \$30,000 each on the understanding that the verification report should be submitted at least 60 days prior to the applicable Executive Committee meeting where the next funding tranche for the country would be sought.

HCFC consumption phase-out

The Committee approved funding of US \$75,355,204 (including support costs) for tranches of HPMPs or stage I of HPMPs for 28 countries². The HPMP agreements were updated for 12 of those countries to reflect their established HCFC baselines for compliance and for one country to reflect the change in support costs owing to the new administrative cost regime. The amount approved for tranches of HPMPs included US \$39,140,600 for tranches of sector plans in China (the second tranche of solvent applications and the third tranches of sector plans for extruded polystyrene foam, polyurethane rigid foam, industrial and commercial refrigeration and air conditioning, and room air-conditioner manufacturing). Consideration of the third tranche of stage I of the refrigeration servicing sector plan and the national enabling programme for China was deferred to the 72nd meeting.

Other projects approved included the extension of institutional strengthening (IS) projects for 27 countries³, the eighth tranche of the national phase-out of methyl bromide (phase II) for China, and project preparation for methyl bromide projects for Sudan and Tunisia.

Projects submitted but withdrawn

A number of projects were withdrawn following their submission by relevant agencies including four tranches of stage I of HPMP (Plurinational State of Bolivia, Cuba, Islamic Republic of Iran, and Saudi Arabia), a pilot ODS demonstration project (Algeria), and project preparation for a methyl bromide project (Algeria).

UNEP's Compliance Assistance Programme (CAP) budget for 2014 (decision 71/33)

The Executive Committee approved the 2014 CAP budget at a level of US \$9,338,000 plus agency support costs of US \$747,040. UNEP was requested, in future submissions of the CAP budget, to continue providing detailed information on the activities for which the global funds would be used, extending the prioritization of funding between CAP budget lines so as to accommodate changing

¹ Albania, the Bahamas, the Central African Republic, Cuba, Fiji, the Gambia, Lao People's Democratic Republic, Malawi, Mongolia, Niger, Saint Lucia, Sao Tome and Principe, Serbia, Sri Lanka, Turkmenistan, and Uganda.

² The Bahamas, Cameroon, Cabo Verde, Chile, China, the Congo, Croatia, the Gambia, Guinea-Bissau, India, Indonesia, Malaysia, Mali, Mexico, Mongolia, Montenegro, Namibia, Nigeria, Papua New Guinea, Serbia, South Africa, Togo, Trinidad and Tobago, Turkmenistan, Uruguay, Vietnam, Zambia, and Zimbabwe.

³ Argentina, Bangladesh, Benin, Bhutan, Bosnia and Herzegovina, Burundi, Cameroon, Cabo Verde, Chad, the Congo, Democratic Republic of Congo, Costa Rica, Cuba, Gabon, Indonesia, Libya, Myanmar, Nicaragua, Niger, Oman, Panama, Sao Tome and Principe, Senegal, Serbia, Swaziland, Uruguay, and Zambia.

priorities, and to provide details on the reallocations made in its budget pursuant to decisions 47/24 and 50/26, to report on the current staff post levels and to inform the Executive Committee of any changes thereto, particularly in respect of any increased budget allocations. UNEP would also report by the 74th meeting on the implications of its adoption of the International Public Sector Accounting Standards (IPSAS) in meeting the requirements of decision 35/36(d), requiring the return of the balances of CAP funds.

2014 core unit costs for UNDP, UNIDO, and the World Bank (decision 71/34)

The Executive Committee approved core unit funding for 2014 for UNDP of US \$2,012,442, UNIDO of US \$2,012,442, and the World Bank of US \$1,725,000.

Preparation of stage II of HCFC phase-out management plans (decision 71/42)

The Executive Committee approved guidelines for the submission of request for project preparation for stage II of HPMPs which could be submitted no earlier than two years before the end date of the approved stage I of its HPMP, unless otherwise indicated in the decision approving stage I of its HPMP. When submitting requests, bilateral and implementing agencies should demonstrate the achievement of substantial progress in the implementation of stage I of the country's HPMP and provide details of the overall strategy and information as set out in paragraph (c) of decision 71/42.

The level of project preparation funding is based on the amount of remaining HCFC consumption eligible for funding ranging from US \$30,000 for Article 5 countries with 0 to 5 ODP tonnes, to US \$90,000 for countries with 100.1 to 1,500 ODP tonnes, and decided on a case-by-case basis for countries with 1,500 ODP tonnes. Countries with a manufacturing sector using HCFCs that are not being addressed in stage I of their HPMPs would receive funding according to the number of manufacturing enterprises to be converted and based on their remaining eligible consumption as per paragraph (f) of decision 71/42.

Article 5 countries were requested to include in the development and finalization of the strategic plan for stage II of the HPMPs, as a minimum, the control target of the Montreal Protocol subsequent to that committed to in stage I of their HPMPs. The Executive Committee requested bilateral and implementing agencies to ensure that project proposals for stage II of HPMPs, included the information required by decision 54/39 and by the guidelines for the preparation of HPMPs, consistent with decision XIX/6 (for details see paragraph (h) of decision 71/42). Bilateral and implementing agencies must return any balances from project preparation funding provided for stage I of HPMPs to the Multilateral Fund before a request for stage II project preparation funding is considered.

Minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector (decision 71/43)

The Executive Committee deferred consideration of the document on minimizing the adverse climate impact of HCFC phase-out in the servicing sector (UNEP/OzL.Pro/ExCom/71/56) until its 72nd meeting.

Disbursement of funds for the HCFC phase-out management plan for China (decision 71/44)

The Secretariat was requested, in cooperation with the implementing agencies, to continue work pursuant to decision 69/24(b)(i) on a paper regarding options as to how funds for the HPMP in China could be disbursed as close as possible to the time when they were needed and to report any additional information to the 72nd meeting.

Terms of reference for the assessment of the administrative cost regime for the 2015-2017 triennium (decision 71/45)

The Secretariat would submit to the last meeting in 2014 a document reviewing the current administrative cost regime, in consideration of the administrative cost regime for the 2015-2017 triennium.

Accounts of the Multilateral Fund

Final 2012 accounts (decision 71/46)

The Executive Committee noted the Multilateral Fund's audited financial statement as at 31 December 2012, and that UNEP had not received the final audit report on the 2012 accounts from the United Nations Board of Auditors. The Executive Committee requested the Treasurer to report to the 72nd meeting on the consolidation of the Multilateral Fund accounts with those of UNEP under the IPSAS, the mitigation of exchange rate risks on pledged contributions, and the procedures set by the UNEP-wide standard on cash advances and the potential impact on Multilateral Fund-funded project implementation. The Secretariat, in cooperation with the implementing agencies and the Treasurer, would further consider the impact of fund transfers to implementing agencies from the Treasurer and report back to the 72nd meeting.

Reconciliation of the accounts (decision 71/47)

The Executive Committee noted the reconciliation of the 2012 accounts and a number of reconciling items, and requested the Treasurer and the implementing agencies to carry out a number of adjustments and related actions.

Revised 2013, 2014 and 2015 and proposed 2016 budgets of the Fund Secretariat (decision 71/48)

The Executive Committee approved the revised 2013 and 2014 budgets of the Secretariat, and the proposed 2016 personnel component costs of the budget. The Secretariat would discuss with UNEP options for cost savings through reduced programme support costs, including an 8 per cent programme support cost rate scenario, and potential implications on the provision of services and staffing, including a detailed breakdown of programme support costs, and report to the Executive Committee by the 72nd meeting. The Secretariat would also resubmit the revised 2014 and 2015 and proposed 2016 budgets based on a revised format.

Report of the Production Sector Sub-group (decisions 71/49 and 71/50)

The Executive Committee approved the agreement on the HCFC production phase-out management plan (HPPMP) for China for which funding had been approved in principle at the 69th meeting but which had required additional discussion in order to finalize the framework (decision 71/49). The agreement included provision of a penalty for exceeding agreed production limits of US \$1.73 per kg/year, and a penalty for redirection of production for controlled uses to production for feedstock of US \$0.15 per kg/year.

The Executive Committee agreed modifications to China's CFC production sector phase-out plan and its agreement to allow the production for export of pharmaceutical-grade CFCs in 2014 for essential uses approved for other Parties. Full details are set out in decision 71/50.

Other matters

Follow up to decision XXV/5 of the Meeting of the Parties (decision 71/51)

The Executive Committee considered decision XXV/5 of the 25th Meeting of the Parties which requested the Executive Committee to consider the information provided in the report on additional information on alternatives to ODS substances prepared by the TEAP pursuant to decision XXIV/7 and other related reports, with a view to considering whether additional demonstration projects to validate low global warming potential alternatives and technologies, together with additional activities to maximize the climate benefits, would be useful in assisting Article 5 parties in further minimizing the environmental impact of HCFC phase-out. The Executive Committee requested the Secretariat to prepare, for the 72nd meeting, an overview of approved HCFC demonstration projects, including countries and regions covered, and technologies selected and a discussion paper, in consultation with the bilateral and implementing agencies, on options for a number of additional projects to demonstrate climate-friendly and energy-efficient alternative technologies to HCFCs, including not-in-kind technologies (decision 71/51(a)).

The Committee decided to consider at the 72nd meeting issues related to the additional activities to maximize climate benefits in the HCFC production sector.

Dates and venues of the 72nd and 73rd meetings of the Executive Committee (decision 71/52)

The Executive Committee decided to hold its 72nd meeting in Montreal from 12 to 16 May 2014 and its 73rd meeting from 9 to 13 November 2014 back-to-back with the Twenty-sixth Meeting of the Parties at the venue to be decided.

Report of the 71st meeting

A complete record of all decisions made at the 71st meeting, including those covered in this document, can be found in the “Report of the Seventy-first Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/71/64) which is published on the Multilateral Fund’s website (www.multilateralfund.org). The report is available in Arabic, English, French, and Spanish.

Annex I - Attendance at the 71st meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non-Article 5*	
Belgium	Netherlands
Canada	Australia
Finland	Sweden
Japan	
United Kingdom of Great Britain and Northern Ireland (Chair)	France , Germany and Italy
United States of America	
Article 5	
India	China, Fiji, Indonesia and Jordan
Kuwait	Malaysia
Mali	Comoros and Democratic Republic of the Congo
Nicaragua	Cuba, Grenada and Mexico
Serbia (Vice-Chair)	
Uganda	Egypt and Mauritius
Uruguay	Argentina, Brazil and Colombia

*Bulgaria did not attend.