



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

**Post meeting summary of the 74<sup>th</sup> meeting of the Executive Committee of the Multilateral Fund  
for the Implementation of the Montreal Protocol**

**Introduction**

The 74<sup>th</sup> meeting of the Executive Committee, which took place in Montreal, Canada from 18 to 22 May 2015, was attended by the representatives of 14 of the Executive Committee member Parties and by participants co-opted from 19 other countries (see Annex I attached). Mr. John Thompson of the United States of America presided over the meeting as Chair of the Executive Committee in 2015. Representatives of the Ozone Secretariat, implementing agencies, UNEP as the Treasurer, and representatives from the Alliance for Responsible Atmospheric Policy, and the Environmental Investigation Agency also attended the meeting.

The 74<sup>th</sup> meeting was the first of the two meeting per year scheduled for 2015 and the first meeting of the 2015 to 2017 triennium. Agenda items included the update on the 2015-2017 business plan of the Multilateral Fund and financial planning for the triennium, the return of project balances, tranche implementation delays, country programme data and prospects for compliance, and status reports and specific reports on projects. Monitoring and evaluation matters included the consolidated project completion report, the report on the multi-year agreement database, the final report on the evaluation of HCFC phase-out projects in the foam sector, and the terms of reference for two desk studies. Several policy matters were considered including the criteria for funding the HCFC consumption phase-out in stage II of HCFC phase-out management plans (HPMPs), the review of institutional strengthening (IS) funding, follow-up to decision XXVI/9 (paragraph 4) of the Twenty-sixth Meeting of the Parties on additional funding to conduct inventories or surveys on ODS alternatives, the analysis of the remaining eligible HCFC consumption in various sectors and subsectors of potential demonstration relevance, and the report on the status of consolidation of the accounts of the Multilateral Fund. In the margins of the meeting, the Sub-group on the Production Sector discussed the HCFC production phase-out management plan (HPPMP) for China, the format for the submission of annual implementation plans and progress reports for an HPPMP, as well as the request for the technical audit of the HCFC production sector in Mexico.

Project proposals submitted for consideration included one stage II of an HPMP, tranches of approved HPMPs and an HPPMP, a methyl bromide (MB) technical assistance programme, renewals of IS projects, project preparation related to stage II of HPMPs, project preparation and two fully developed projects to demonstrate low-global-warming potential (GWP) technologies, feasibility studies on district cooling, and surveys on ODS alternatives.

The Committee took a total of 58 decisions and approved investment projects and work programme activities for 113 countries with a value of just over US \$55.5 million plus US \$3.9 million in support costs for bilateral and implementing agencies.

## **Status of contributions and disbursements<sup>1</sup> (decision 74/1)**

As at 15 May 2015, the balance of the Multilateral Fund stood at US \$95,286,361 of which US \$61,174,048 was in cash and US \$34,112,313 in promissory notes. The Executive Committee noted with appreciation the payments made by the Holy See and the Government of Kazakhstan. Thirty-seven per cent of pledges for 2015 had been paid and the balance on the gain from the fixed exchange-rate-mechanism (FERM) stood at US \$14.5 million. The Executive Committee urged all Parties eligible to use the FERM to advise the Treasurer of their intention to do so before the 75<sup>th</sup> meeting and that all Parties pay their contributions to the Multilateral Fund in full and as early as possible.

Further to decision 72/1(c)<sup>2</sup>, it was noted that the Government of Germany had been able to reduce the schedule of payment of its promissory notes for the 2015-2017 replenishment period from five to four years and that it was committed to fitting the encashment schedule within the triennium for the 2018-2020 replenishment period.

## **Status of resources and planning**

### ***Report on balances and availability of resources<sup>3</sup> (decision 74/2)***

Bilateral and implementing agencies returned US \$2,422,304 (including support costs) to the Multilateral Fund. The Executive Committee noted the balances and unobligated balances held by bilateral and implementing agencies and the return of funds from the Government of Germany for the second tranche of stage I of the HPMP for the Plurinational State of Bolivia and the verification report for stage I of the HPMP due to a change of implementing agency.

The Executive Committee requested relevant bilateral and implementing agencies to return balances to the 75<sup>th</sup> meeting, for projects completed over two years previously, obligated funds not needed for completed projects and projects completed by decision of the Executive Committee, and all unobligated balances. The additional funds allocated to UNEP for stage I of the HPMP for the Philippines at the 68<sup>th</sup> meeting were adjusted to reflect the actual balance returned by the World Bank, as recorded in the report of the 66<sup>th</sup> meeting<sup>4</sup>.

The Committee approved the transfer of the preparation of stage II of the HPMP and related investment activities in the foam sector for Egypt from UNIDO to UNDP; the transfer of the preparation of stage II of the HPMP for Chile from UNDP to UNIDO; the extension of the duration of the African chiller demonstration project being implemented by the Governments of France and Japan until December 2015 to enable the completion of assistance to Sudan; and the extension of the duration of the national ODS phase-out plan in Yemen until June 2016 owing to the continued crisis and conflict in the country.

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<sup>1</sup> UNEP/OzL.Pro/ExCom/74/3

<sup>2</sup> The Executive Committee decided to further urge the Government of Germany to continue to consider the accelerated encashment of its promissory notes during the replenishment period (decision 72/1(c)).

<sup>3</sup> UNEP/OzL.Pro/ExCom/74/4

<sup>4</sup> UNEP/OzL.Pro/ExCom/66/54 & Corrs. 1& 2

***Update on the implementation of the 2015-2017 business plans and financial planning for the 2015-2017 triennium<sup>5</sup> (decision 74/3)***

**2015-2017 business plans**

The Executive Committee noted that US \$7,608,250 for activities to conduct inventories or surveys of alternatives to ODS pursuant to decision XXVI/9 (paragraph 4), which had not been included in the 2015-2017 business plans, had been submitted to the 74<sup>th</sup> meeting (see section on project proposals and decision 74/53), and that the total estimated costs of the project preparation requested and proposed for demonstration projects for low global-warming potential (GWP) alternatives exceeded the funding window of US \$10 million established by decision 72/40 (see section on project proposals and decisions 74/21 and 74/49).

The Executive Committee also noted with appreciation the information submitted by the Government of Germany, UNDP, UNEP and UNIDO as requested by decision 73/14, regarding open and constructive discussions with the national ozone units of relevant countries in relation to the qualitative performance assessment of those agencies by national ozone officers.

With respect to contributions to the Multilateral Fund, the Executive Committee urged one Party, which had not previously made contributions, to make its contributions for the 2015-2017 triennium. It also urged contributing Parties with arrears from the 2012-2014 triennium to pay them during 2015, and the Secretariat and the Treasurer to strengthen outreach to contributing Parties that had outstanding contributions for one triennium or more in order to emphasize the need to make payments in accordance with the replenishments decided by the Parties.

**Financial planning for the triennium 2015-2017**

At the 26<sup>th</sup> Meeting of the Parties in November 2014, the Parties established a replenishment budget of US \$507,500,000 for the Multilateral Fund for the 2015-2017 triennium (decision XXVI/10). Following a review of scenarios for the receipt of pledges, interest and the carryover in the light of the replenishment and the consolidated 2015-2017 business plan, the Executive Committee decided to adopt a resource allocation of US \$179.9 million in 2015, US \$173.8 million in 2016, and US \$153.8 million in 2017, with any unallocated funds to be allocated subsequently during the 2015-2017 triennium. The availability of cash flow for the 2016 and 2017 budgets would be considered at the first meeting of 2016 in light of the collection of interest, unexpected return of unused balances from projects/agreements, the payment of pledges from trienniums prior to the last replenishment, any losses due to non-payment of pledges expected from the last replenishment, and any losses or gains due to the FERM.

***Tranche submission delays<sup>6</sup> (decision 74/4)***

Sixty-one out of 96 activities related to tranches of HPMPs or stage I of HPMPs that were due for submission to the 74<sup>th</sup> meeting had been submitted on time; nine activities were subsequently withdrawn following discussion with the Secretariat. With the exception of two countries, there was no indication that any of the countries with delayed tranches would be in non-compliance with the 2013 freeze on HCFC consumption. The Secretariat would send letters to the countries with tranche submission delays inviting them to address outstanding issues so that the tranches could be submitted to the 75<sup>th</sup> meeting or in one case to the 76<sup>th</sup> meeting.

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<sup>5</sup> UNEP/OzL.Pro/ExCom/74/5, Corr.1 and Add.1

<sup>6</sup> UNEP/OzL.Pro/ExCom/74/6

## **Programme implementation**

### ***Monitoring and evaluation (decisions 74/5 to 74/8)***

#### Project completion reports (decision 74/5)

The Executive Committee noted the 2015 consolidated project completion report (PCR)<sup>7</sup> and requested bilateral and implementing agencies to submit the backlog of PCRs for multi-year agreements (MYAs) and individual projects to the 75<sup>th</sup> meeting; reasons have to be provided for any PCRs due but not submitted, together with the schedule for their submission. The Committee invited all those involved in the preparation and implementation of projects to take into consideration the lessons learned drawn from PCRs when preparing and implementing future projects.

#### Multi-year agreement database<sup>8</sup> (decision 74/6)

The Executive Committee requested the Senior Monitoring and Evaluation Officer, in consultation with the bilateral and implementing agencies, to make a recommendation to the 75<sup>th</sup> meeting on options to reduce the burden on bilateral and implementing agencies when submitting information for the database for reporting on MYAs, and options to enable the Article 5 countries concerned to confirm the data being entered in the MYA database by the bilateral and implementing agencies.

Bilateral and implementing agencies were requested to fill in the missing information in the MYA database and to update it no later than eight weeks prior to the 75<sup>th</sup> meeting; bilateral agencies not directly involved in project implementation could request the implementing agencies to report the information required on their behalf.

#### Evaluation activities (decisions 74/7 and 74/8)

The Executive Committee noted the final report on the evaluation of the HCFC phase-out projects in the foam sector<sup>9</sup> and invited the bilateral and implementing agencies to apply, when appropriate, the findings and recommendations of the evaluation when implementing projects in the foam sector (decision 74/7).

The Executive Committee approved the terms of reference for the desk studies on the HCFC phase-out projects in the refrigeration and air-conditioning manufacturing sector<sup>10</sup>, and the desk study on pilot demonstration projects on ODS disposal and destruction<sup>11</sup> (decision 74/8).

### ***Country programme data and prospects for compliance<sup>12</sup> (decision 74/9)***

The Executive Committee noted that 106 of the 141 country programme (CP) implementation reports for the year 2013 had been submitted through the web-based system. Relevant implementing agencies were requested to continue assisting the Governments of Burundi, Dominica, Libya, Mauritania and South Sudan with respect to their licensing or quota systems for ODS and to report back to the 75<sup>th</sup>

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<sup>7</sup> UNEP/OzL.Pro/ExCom/74/7

<sup>8</sup> UNEP/OzL.Pro/ExCom/74/8

<sup>9</sup> UNEP/OzL.Pro/ExCom/74/9 and Corr.1

<sup>10</sup> Annex I to document UNEP/OzL.Pro/ExCom/74/10/Corr.1

<sup>11</sup> Annex II to document UNEP/OzL.Pro/ExCom/74/10 as amended by UNEP/OzL.Pro/ExCom/74/10/Corr.1

<sup>12</sup> UNEP/OzL.Pro/ExCom/74/11

meeting. The Executive Committee also requested relevant bilateral and implementing agencies to assist Article 5 countries in addressing data discrepancies between the CP and Article 7 reports.

The analysis of prospects for compliance presented to the 74<sup>th</sup> meeting had been based on 2013 data since the 2014 data had not been available at the time the Country programme and data and prospects for compliance document was being prepared. Since the data were key to assessing countries' prospects for compliance in time to address potential problems, Article 5 countries were requested to submit CP data reports eight weeks prior to the first meeting of the Executive Committee of the year, if possible, and no later than 1 May, on the understanding that the deadlines for CP data submission would need to be revisited in the event that the Executive Committee were to decide to revert to holding three meetings a year. The Executive Committee would consider a proposal for an updated CP report format at the 75<sup>th</sup> meeting.

***Status reports and reports on projects with specific reporting requirements<sup>13</sup>  
(decisions 74/10 - 74/17)***

UNEP provided an oral report on actions taken to implement recommendations from the May 2014 report of the United Nations Office of Internal Oversight Services (OIOS) on the audit of the UNEP OzonAction Branch<sup>14</sup> stating that it had taken actions and implemented activities on all the audit recommendations and that the OIOS had now declared the recommendations to be closed. UNEP would submit a written report on the matter to the 75<sup>th</sup> meeting so that the Committee could keep those issues under consideration in the context of the approved Compliance Assistance Programme budget (decision 74/10).

With regard to the Committee's consideration of projects with implementation delays, the Secretariat would send letters of possible cancellation for two methyl bromide technical assistance projects in Iraq and Mozambique (decision 74/12).

The Executive Committee noted specific reports pertaining to the implementation of the demonstration project on low-cost options for the use of hydrocarbons in the manufacture of polyurethane foams in Egypt, the transfer of stage I of the HPMP for the Plurinational State of Bolivia from Germany to UNIDO, the methyl bromide phase-out project in Guatemala, the halon phase-out project in the Islamic Republic of Iran, and requested a number of actions to be taken as appropriate (decisions 74/13, 74/14, 74/15 and 74/16 respectively).

Following consideration of a report on resource mobilization for climate co-benefits submitted by UNEP<sup>15</sup>, the Executive Committee encouraged low-volume-consuming (LVC) countries, through the bilateral and implementing agencies, to consider the information provided in the report when seeking additional resources for climate co-benefits during the implementation of stage I and future stages of HPMPs, noting that the climate-related activities included therein might not be the direct responsibility of the national ozone units. UNEP was encouraged to address climate co-benefits in the servicing sector while implementing HCFC phase-out in LVC countries in its various capacity-building activities, through the addition of specific training modules and information outreach activities (decision 74/17).

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<sup>13</sup> UNEP/OzL.Pro/ExCom/74/12 & Corr.1

<sup>14</sup> Available at <https://oios.un.org/page?slug=report>

<sup>15</sup> Annex III of UNEP/OzL.Pro/ExCom/74/12 & Corr.1

## **Project proposals**

### *Policy issues*<sup>16</sup>

#### Modalities for the fund disbursement threshold for HPMPs (decision 74/18)

The Executive Committee decided to maintain the required 20 per cent disbursement threshold for the previous tranche of the HPMP before submission of the next tranche for the Committee's consideration in line with decision 72/24(b)<sup>17</sup>, noting that it was applied in a flexible manner, taking into account other circumstances with respect to implementation of the project, including the compliance status of the country and aggregated fund disbursement. Bilateral and implementing agencies were requested, when assisting Article 5 countries to prepare future stages of their HPMPs, to carefully design the schedule of submission of tranches and their completion according to the activities to be implemented in the following one to three years and their associated costs, and to commence all preparatory work, such as legal agreements or memorandums of understanding as required, in advance of the submission of funding tranches.

#### Progress and verification reports of a country's compliance with the HPMP agreement after the approval of the last tranche of HPMPs (decision 74/19)

With regard to HPMPs for which the last funding tranche was requested one or more years prior to the last year for which a consumption target had been established, the Executive Committee requested that the lead implementing agency and relevant cooperating agencies submit annual tranche implementation reports and, where applicable, verification reports on the current stage of the HPMPs until all activities foreseen had been completed and HCFC consumption targets had been met, on the understanding that, when consecutive stages of HPMPs were implemented concurrently, the verification reports should be based on the lower HCFC consumption target committed to by the country concerned.

#### Temporary use of a high-GWP technology by enterprises that had been converted to a low-GWP technology (decision 74/20)

Following consideration of the lack of availability of methyl formate systems for use by foam enterprises in the Dominican Republic and El Salvador the Executive Committee requested bilateral and implementing agencies to continue assisting Article 5 countries, during implementation of their HPMPs, in securing the supply of the alternative technologies selected, to report to the Executive Committee on the status of use of the interim technology selected by an Article 5 country at each meeting up until the original technology selected or another technology had been fully introduced. When submitting proposals for any future stage of an HPMP for which a low-GWP alternative to HCFCs had been selected, detailed information from the suppliers on how and when an adequate supply of the technology would be made available to the country concerned should be included. Furthermore any change in the final technology other than that proposed in the approved project would require approval by the Executive Committee, in line with paragraph 7 of each country's Agreement with the Executive Committee, where applicable, and with relevant Executive Committee decisions relating to changes of technology.

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<sup>16</sup> The overview of issues identified during project review is found in document UNEP/OzL.Pro/ExCom/74/13.

<sup>17</sup> Decision 72/24(b) states: "Using the 20 per cent disbursement threshold as a requirement for the approval of tranches of HPMPs and, on an exceptional basis, to allow the bilateral and implementing agencies to submit information on disbursements related to tranches submitted to the 73<sup>rd</sup> and 74<sup>th</sup> meetings up to six weeks prior to these meetings".

### Requests for funding to conduct inventories or surveys of alternatives to ODS

The Executive Committee decided it would consider the requests for funding surveys of ODS alternatives (see decision 74/53 below).

### Projects to demonstrate low-GWP technologies and feasibility studies on district cooling pursuant to decision 72/40 (decision 74/21)

Funding requests submitted for consideration included two fully developed projects to demonstrate low-GWP technologies, project preparation to develop low-GWP demonstration projects (26 requests) and three feasibility studies on district cooling. The proposals were considered by the Executive Committee taking into account the criteria set out in decision 72/40, the total amount of funding available for the demonstration projects which could not exceed US \$10 million, and the Secretariat's analysis of the remaining HCFC consumption in various sectors and subsectors.

Following consideration of all the proposals the Executive Committee decided to provide funding for one feasibility study for district cooling and the preparation of 13 demonstration projects on the understanding that the approval of project preparation did not denote approval of the full project proposal or its level of funding.<sup>18</sup> Bilateral and implementing agencies were requested to rationalize the costs of the demonstration projects to enable the approval of a larger number of demonstration projects under the available funding of US \$10 million, and to further explore other sources of additional funding. A limited number of additional requests for the preparation of projects to demonstrate low-GWP technologies in the air-conditioning manufacturing sector, the resubmission of the two fully-developed demonstration projects, and additional feasibility studies on district cooling could be submitted to the 75<sup>th</sup> meeting<sup>19</sup>.

### Verification reports of LVC countries' compliance with their HPMP Agreements in 2014 (decision 74/22)

Bilateral and implementing agencies were requested to include in their amendments to their work programmes for submission to the 75<sup>th</sup> meeting, funding for verification reports for stage I of the HPMPs for 17 LVC countries.<sup>20</sup>

### ***Project proposals (decisions 74/23 to 74/48)***

The Executive Committee approved 189 investment projects and work programme activities in 113 countries at a total value of US \$59,400,495 (US\$55,500,764 plus support costs of US \$3,899,731). This amount includes that approved for the 2015 tranche of the HPPMP for China (see decision 74/56 under the section on the "Production sector").

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<sup>18</sup> The demonstration projects for low-GWP alternatives to HCFCs would be considered at the 75<sup>th</sup> or 76<sup>th</sup> meetings (decision 72/40(b)).

<sup>19</sup> The Executive Committee decided, in light of decision 74/21, that the requests for funding for technical assistance for district cooling feasibility studies for Egypt and Kuwait could be resubmitted to the 75<sup>th</sup> meeting (decision 74/34).

<sup>20</sup> Barbados, Bosnia and Herzegovina, Brunei Darussalam, the Congo, Costa Rica, Dominica, Equatorial Guinea, Ethiopia, Georgia, Mali, Mauritius, Montenegro, Rwanda, Seychelles, Suriname, the former Yugoslav Republic of Macedonia, and Zimbabwe

### Phase-out of HCFC consumption

The Executive Committee approved in principle funding of US \$780,560 including support costs for stage II of the HPMP for Kyrgyzstan for the complete phase out of HCFC consumption by 2020 with a remaining service tail of 2.5 per cent per annum until 2025. The Committee also approved a total of US \$23,431,011 (including support costs) for tranches of HPMPs or stage I/stage II of HPMPs for 38 countries<sup>21</sup>; funding for the preparation of investment activities of stage II of the HPMP for Egypt (extruded polystyrene foam) and the Islamic Republic of Iran (rigid polyurethane foam); and for the preparation of stage II of the HPMP for Turkey.

### Other projects

Other projects approved included the extension of IS projects for 26 countries<sup>22</sup>, and technical assistance for methyl bromide phase-out in Egypt (date palm sector).

In light of decision 74/21 (see above) the Executive Committee approved funding for the preparation of 13 of the demonstration projects submitted (decisions 74/26, 74/33, 74/36), and one feasibility study to develop a business model for district cooling in the Dominican Republic (decision 74/27).

In light of decision 74/53 (see below) the Executive Committee approved US \$6,445,700 (including support costs) for national surveys of ODS alternatives in 85 countries<sup>23</sup> (decisions 74/28, 74/30, 74/35 and 74/37).

### **Analysis of the remaining eligible HCFC consumption in various sectors and subsectors of potential demonstration relevance (decision 74/49)**

The Executive Committee took note of the document<sup>24</sup> on the analysis of the remaining eligible HCFC consumption in various sectors and subsectors of potential demonstration relevance (decision 72/40(d)), which had been considered together with the assessment of the proposals for demonstration projects for low-GWP alternatives to HCFCs and the feasibility studies for district cooling to be implemented within the funding levels established under decision 72/40.

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<sup>21</sup> Argentina, Armenia, Bangladesh, Brazil, Brunei Darussalam, China, Cook Islands, Costa Rica, Dominican Republic, El Salvador, Equatorial Guinea, Guyana, Islamic Republic of Iran, Iraq, Kiribati, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Liberia, Marshall Islands, Micronesia, Republic of Moldova, Nauru, Nicaragua, Niue, Oman, Palau, Panama, Paraguay, Saint Kitts and Nevis, Samoa, Solomon Islands, Suriname, Thailand, Tonga, Tuvalu, Vanuatu

<sup>22</sup> Afghanistan, Angola, Bhutan, Bosnia and Herzegovina, Burkina Faso, Cambodia, Chile, Colombia, Djibouti, Equatorial Guinea, Georgia, Guinea, Guyana, Kenya, Libya, Mali, Mongolia, Oman, Palau, Philippines, Samoa, Solomon Islands, Tonga, Tunisia, Turkey, and Zimbabwe

<sup>23</sup> Afghanistan, Albania, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Barbados, Benin, Bhutan, Bolivia (Plurinational State of), Bosnia and Herzegovina, Botswana, Brunei Darussalam, Burkina Faso, Cambodia, Cabo Verde, Chad, Chile, Comoros, Costa Rica, Cote d'Ivoire, Democratic People's Republic of Korea, Djibouti, Ecuador, El Salvador, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Georgia, Ghana, Guatemala, Guinea, Guyana, Honduras, India, Islamic Republic of Iran, Jamaica, Kenya, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, the former Yugoslav Republic of Macedonia, Madagascar, Malawi, Maldives, Mexico, Micronesia, Republic of Moldova, Mongolia, Montenegro, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Rwanda, Sao Tome and Principe, Serbia, Seychelles, Sierra Leone, Sri Lanka, Sudan, Swaziland, Tanzania, Thailand, Timor Leste, Togo, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Uruguay, Bolivarian Republic of Venezuela, Zambia, and Zimbabwe

<sup>24</sup> UNEP/OzL.Pro/ExCom/74/49

## **Draft criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs<sup>25</sup> (decision 74/50)**

The Executive Committee concluded its extensive discussions on the criteria for funding HCFC consumption phase-out in stage II of HPMPs that had taken place over a number of meetings. These criteria for funding, set out in decision 74/50 (attached as Annex II), are structured in line with the guidelines for stage I of HPMPs (decision 60/44), and take into account the cut-off date for eligibility and second stage conversions, transitioning to low-GWP alternatives to achieve climate benefits, the needs of small and medium sized enterprises, and the concerns of LVC and very LVC countries.

## **Review of funding of institutional strengthening projects<sup>26</sup> (decision 74/51)**

The Executive Committee decided that approvals of IS projects and renewals would be at a level that is 28 per cent higher than the historically agreed level with a minimum level of IS funding of US \$42,500 per year, to continue support for compliance with the Montreal Protocol and to address the challenges related to the phase-out of HCFCs in line with the objectives of decision XIX/6 and the transition to alternatives that minimize environmental impact. IS and funding levels would be reviewed in 2020. The existing format for IS renewals was modified, to indicate that performance indicators should be included.<sup>27</sup>

## **Report on the status of consolidation of the accounts of the Multilateral Fund (decision 74/52)**

The Executive Committee noted the report on the status of consolidation of the accounts of the Multilateral Fund<sup>28</sup> prepared pursuant to decision 72/42(b)(i)<sup>29</sup> and requested the Treasurer to submit the final 2014 accounts of the Multilateral Fund containing the required information on the fixed-exchange rate mechanism, promissory notes, outstanding contributions, and counterpart contribution by the Government of Canada, to the 75<sup>th</sup> meeting. The Treasurer would continue submitting separate sub-accounts for each implementing agency, one for the budget of the Fund Secretariat, and another on the financial status of the Multilateral Fund, using the same format as when the accounts were reported under United Nations System Accounting Standards, and to report on the status of the Multilateral Fund bank account located in New York and its impact on the financial operation of the Fund Secretariat and the Multilateral Fund to the 75<sup>th</sup> meeting.

An information workshop to update the implementing agencies on the reporting requirement under International Public Sector Accounting Standards would be organized by the Treasurer and the Secretariat prior to the 75<sup>th</sup> meeting.

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<sup>25</sup> UNEP/OzL.Pro/ExCom/74/50

<sup>26</sup> UNEP/OzL.Pro/ExCom/74/51

<sup>27</sup> The approved format (Annex XIX of document UNEP/OzL.Pro/ExCom/74/56) is available in Microsoft Word format from the Fund Secretariat and/or implementing agencies and on the Multilateral Fund website at <http://www.multilateralfund.org/Our%20Work/countries/default.aspx>.

<sup>28</sup> UNEP/OzL.Pro/ExCom/74/52

<sup>29</sup> The Executive Committee requested the Treasurer to report on the status of consolidation of the accounts of the Multilateral Fund to the 74<sup>th</sup> meeting once the International Public Sector Accounting Standards and Umoja were fully operational (decision 72/42(b)(i)).

**Follow-up to decision XXVI/9 (paragraph 4) of the Twenty-sixth Meeting of the Parties on additional funding to conduct inventories or surveys of ODS alternatives<sup>30</sup> (decision 74/53)**

Following consideration of the request of the 26<sup>th</sup> Meeting of the Parties on “providing additional funding to conduct inventories or surveys on alternatives to ozone-depleting substances in interested the Executive Committee decided that the scope of the surveys would be to obtain information on ODS alternatives in Article 5 countries including data (where available) and estimates of ODS alternatives currently in use by sector and subsector, and forecasts of ODS alternatives most commonly used. The maximum funding level for a country would be determined according to HCFC baseline consumption in ODP tonnes as follows: below 6 (US \$40,000), 6 and below 20 (US \$70,000), 20 and below 150 (US \$110,000), 150 and below 1,000 (US \$130,000), and 1,000 and above (on a case-by-case basis), with the exception of those Article 5 countries which had conducted similar surveys outside the Multilateral Fund, which would only be eligible for 50 per cent of the funding levels indicated.

The Executive Committee decided it would consider the requests for funding surveys of ODS alternatives submitted to the 74<sup>th</sup> meeting on the condition that these were supported by letters of endorsement from the respective Article 5 countries and would allow the submission of funding requests for national surveys of alternatives to ODS from countries that had not submitted a request to the 74<sup>th</sup> meeting.

The Secretariat, would consult intersessionally with bilateral and implementing agencies and interested Executive Committee members, to prepare a format for preparation of the surveys and presentation of the resulting data for the consideration at the 75<sup>th</sup> meeting, on the understanding that interested countries could initiate the surveys before the format was agreed. An overall analysis of the results of the surveys would be considered by the Executive Committee by its first meeting in 2017.

**Report of the Executive Committee to the Twenty-seventh meeting of the Parties to the Montreal Protocol<sup>31</sup> (decision 74/54)**

The Executive Committee authorized the Secretariat to finalize the report of the Executive Committee to the Twenty-seventh Meeting of the Parties to the Montreal Protocol in the light of the discussions held and decisions taken at the 74<sup>th</sup> meeting and, following clearance by the Chair, to submit it to the Ozone Secretariat.

**Production sector<sup>32</sup> (decisions 74/55 to 74/57)**

The Sub-group on the Production Sector was reconvened with the following composition: Australia (facilitator), Bahrain, Brazil, Egypt, Grenada, India, Italy, Japan, Sweden and the United States of America. The Sub-group met in the margins of the 74<sup>th</sup> meeting on a number of matters including the draft HCFC production sector guidelines, the 2015 tranche request and the addendum for the HCFC production phase-out management plan (HPPMP) for China, the format for submissions of annual implementation plans and progress reports for an HPPMP, and the request for the technical audit of the HCFC production sector in Mexico<sup>33</sup>.

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<sup>30</sup> UNEP/OzL.Pro/ExCom/74/53

<sup>31</sup> UNEP/OzL.Pro/ExCom/74/54

<sup>32</sup> UNEP/OzL.Pro/ExCom/74/55

<sup>33</sup> Further details are available in the Report of the Sub-group on the Production sector in document UNEP/OzL.Pro/ExCom/74/55

***Addendum to the HPPMP for China (decision 74/55)***

The Executive Committee noted the addendum for the HPPMP for China.

***2015 tranche of the HPPMP for China (decision 74/56)***

The Executive Committee approved US \$24 million (plus support costs of US \$1.344 million) for the 2015 tranche of the HPPMP for China, and the corresponding implementation programme with a number of conditions and requested follow-up actions on some specific issues.

***Format for submission of annual implementation plans and progress reports for an HPPMP (decision 74/57)***

The Executive Committee noted the format for progress reports and annual implementation plans for HPPMPs and requested the World Bank to use the format when preparing submissions of the progress reports and tranche implementation plans for the HPPMP for China.

***Production sector matters to be addressed at the 75<sup>th</sup> meeting***

The Sub-group did not have time to discuss the draft HCFC production sector guidelines, which would be considered at the 75<sup>th</sup> meeting, and had agreed to postpone further discussion of the preliminary data and request to carry out the technical audit of the HCFC production sector in Mexico to the 75<sup>th</sup> meeting, and to ensure that sufficient time was made available to it to discuss this issue.

***Date and venue of the 75<sup>th</sup> and 76<sup>th</sup> meetings of the Executive Committee<sup>34</sup> (decision 74/50)***

The Executive Committee decided to hold its 75<sup>th</sup> and 76<sup>th</sup> meetings in Montreal from 16 to 20 November 2015 and 9 to 13 May 2016, respectively.

***Report of the 74<sup>th</sup> meeting***

A complete record of all decisions made at the 74<sup>th</sup> meeting can be found in the “Report of the Seventy-fourth meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/74/56) 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 Russian.

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<sup>34</sup> UNEP/OzL.Pro/ExCom/74/Inf.2

**Annex I**  
**Attendance at the 74<sup>th</sup> meeting of the Executive Committee**

<b>Executive Committee Members</b>	<b>Co-opted countries</b>
<b>Non-Article 5</b>	
Australia	Canada
Belgium	Netherlands (the)
Italy	France, Germany, United Kingdom of Great Britain and Northern Ireland (the)
Japan	
Russian Federation (the)	
Sweden	
United States of America (the) (Chair)	
<b>Article 5</b>	
Bahrain	Jordan, Kuwait, and Yemen
Brazil	Argentina, Colombia, and Uruguay
Comoros (the)	Togo
Egypt	
Grenada (Vice Chair)	Belize, Haiti, Mexico and Saint Lucia
India	China and Malaysia
United Republic of Tanzania	

**Annex II**  
**Criteria for funding HCFC phase out in the consumption sector for stage II of HPMPs**  
**(decision 74/50)**

The Executive Committee decided, in determining criteria for funding HCFC phase-out in the consumption sector for stage II of the HCFC phase-out management plans (HPMPs) in Article 5 countries:

*Cut-off date*

- (a) Not to consider any projects to convert HCFC-based manufacturing capacity installed after 21 September 2007;

*Second-stage conversion*

- (b) To apply the following principles in respect of second-stage conversion projects:
  - (i) Full funding of eligible incremental costs of second-stage conversion projects would be considered in those cases where an Article 5 Party clearly demonstrated in its HPMP that such projects:
    - a. Were necessary to comply with the Montreal Protocol HCFC targets up to and including the 35 per cent reduction step by 1 January 2020; and/or
    - b. Were the most cost-effective projects measured in ODP tonnes that the Party concerned could undertake in the manufacturing sector in order to comply with those targets; and/or
    - c. Would make the transition to low global-warming potential (GWP) alternatives;
  - (ii) Funding for all other second-stage conversion projects not covered under sub-paragraph (b)(i) above would be limited to funding for installation, trials, and training associated with those projects;

*Eligible incremental costs of HCFC phase-out projects*

- (c) To apply the following principles in respect of eligible incremental costs of HCFC phase-out projects for stage II of HPMPs, subject to a review in 2020:
  - (i) The current cost-effectiveness threshold values used for CFC phase-out projects in paragraph 32 of the final report of the 16<sup>th</sup> meeting of the Executive Committee (document UNEP/OzL.Pro/ExCom/16/20), to be measured in metric kilograms, and a cost-effectiveness threshold of US \$7.83/metric kilogram for rigid insulation refrigeration foam,

should be used as guidelines during the development and implementation of the second and subsequent stages of HPMPs;

- (ii) Article 5 countries would have the flexibility to allocate the approved funding from incremental operating costs to incremental capital costs and to allocate up to 20 per cent of the approved funding for incremental capital costs to incremental operating costs, as long as the use of the flexibility did not change the intent of the project. Any reallocation should be reported to the Executive Committee;
- (iii) Funding of up to a maximum of 25 per cent above the cost-effectiveness threshold would be provided for projects when needed for the introduction of low-GWP alternatives; however, for small and medium-sized enterprises (SMEs) in the foam sector with consumption of less than 20 metric tonnes, the maximum would be up to 40 per cent above the cost-effectiveness threshold;

*HCFC phase-out in the foam sector*

- (iv) Incremental operating costs for projects in the polyurethane foam sector would be considered at US \$1.60/metric kilogram for HCFC-141b; however, for projects that make the transition to low-GWP alternatives, incremental operating costs would be considered at up to US \$5.00/metric kilogram;
- (v) Incremental operating costs for projects in the extruded polystyrene foam sector would be considered at US \$1.40/metric kilogram for HCFC-142b, HCFC-142b/HCFC-22, or HCFC-22 consumption to be phased out at the manufacturing enterprise;
- (vi) For group projects linked to systems houses, incremental operating costs would be calculated on the basis of the total HCFC consumption to be phased out for all downstream foam enterprises;
- (vii) When it was clearly demonstrated that low-GWP alternatives with incremental operating costs as indicated in sub-paragraph (c)(iv) above were not feasible, the Executive Committee would fund higher levels of incremental operating costs when needed for the introduction of low-GWP alternatives by SMEs;

*HCFC phase-out in the refrigeration and air-conditioning manufacturing sector*

- (viii) Incremental operating costs for projects in the air conditioning sub-sector would be considered at US \$6.30/metric kilogram of HCFC consumption to be phased out at the manufacturing enterprise;
- (ix) Incremental operating costs for projects in the commercial refrigeration

subsector would be considered at US \$3.80/metric kilogram of HCFC consumption to be phased out at the manufacturing enterprise;

- (x) Consistent with decision 31/45 of the Executive Committee, incremental operating costs would not be considered for enterprises in the refrigeration equipment assembly, installation and charging subsector category;

*HCFC phase-out in the refrigeration servicing sector, including servicing for all the relevant refrigeration and air-conditioning subsectors*

- (xi) Article 5 countries with total HCFC consumption of up to 360 metric tonnes, and former low-volume-consuming (LVC) Article 5 countries with HCFC consumption in the refrigeration servicing sector only above 360 metric tonnes, must include in their HPMPs, as a minimum:
  - a. A commitment to meeting, without further requests for funding at least the 35 per cent reduction step in 2020, and, if the country so decided, the 67.5 per cent reduction step in 2025 or the complete phase-out of HCFCs in line or ahead of the Montreal Protocol schedule. This should include a commitment by the country to restrict imports of HCFC-based equipment if necessary to achieve compliance with the reduction steps and to support relevant phase-out activities;
  - b. Mandatory reporting, by the time funding tranches for the HPMP were requested, on the implementation of activities undertaken in the refrigeration servicing sector and in the manufacturing sector when applicable, in the previous year, as well as a thorough and comprehensive annual work plan for the implementation of the activities associated with the next tranche;
  - c. A description of the roles and responsibilities of major stakeholders, as well as the lead implementing agency and the cooperating agencies, where applicable;
- (xii) Article 5 countries with total HCFC consumption of up to 360 metric tonnes would be provided with funding consistent with the level of consumption in the refrigeration servicing sector, as shown in the table below, on the understanding that project proposals would still need to demonstrate that the funding level was necessary to achieve the 2020 and 2025 phase-out targets, or if the country so decided, later reduction targets:

Consumption (mt)*	Funding (US \$)(**)		
	Up to 2020	Up to 2025	Total phase-out
>0 <15	205,625	396,500	587,500
15 <40	262,500	506,250	750,000
40 <80	280,000	540,000	800,000
80 <120	315,000	607,500	900,000
120 <160	332,500	641,250	950,000
160 <200	350,000	675,000	1,000,000
200 <320	560,000	1,080,000	1,600,000
320 <360	630,000	1,215,000	1,800,000

(\*) Level of HCFC baseline consumption in the refrigeration servicing sector

(\*\*) This represents the maximum funding eligible, including funding already provided

- (xiii) Article 5 countries with HCFC consumption in the refrigeration servicing sector only above 360 metric tonnes would be provided with funding for phase-out activities at US \$4.80/metric kilogram;
- (xiv) Article 5 countries with total HCFC consumption in the servicing sector only of up to 360 metric tonnes would have flexibility in utilizing the resources available to address specific needs that might arise during project implementation to facilitate the smoothest possible phase-out of HCFCs, consistent with Executive Committee decisions;
- (xv) Article 5 countries with total HCFC consumption of up to 360 metric tonnes, used in both the manufacturing and refrigeration servicing sectors, could submit HCFC phase-out investment projects in accordance with the policies and decisions of the Executive Committee, in addition to funding for addressing HCFC consumption in the servicing sector;
- (xvi) Article 5 countries with total HCFC consumption above 360 metric tonnes used in both the manufacturing and refrigeration servicing sectors should prioritize consumption in the manufacturing sector to meet the reduction steps in 2020, where possible. Activities in the refrigeration servicing sector for such countries would be calculated at US \$4.8/metric kilogram, to be deducted from their starting point for aggregate reductions in HCFC consumption;

*HCFC phase-out in the aerosol, fire extinguisher and solvent sectors*

- (xvii) The eligibility of incremental capital and operating costs for HCFC phase-out projects in the aerosol, fire extinguisher, and solvent sectors would be considered on a case-by-case basis; and

- (d) The Executive Committee would be open to considering projects to promote transition to not-in-kind technologies in relevant sectors.

**(Decision 74/50)**