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Executive Committee of  
the Multilateral Fund for the  
Implementation of the Montreal Protocol

Ninth Meeting  
Montreal, 8B10 March 1993

**REPORT OF THE NINTH MEETING  
OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

## I. INTRODUCTION

1. The Ninth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol was held at Montreal from 8 to 10 March 1993. The Meeting was convened in pursuance of decisions IV/18 and IV/20 adopted at the Fourth Meeting of the Parties to the Montreal Protocol, held in Copenhagen from 23 to 25 November 1992 (UNEP/OzL.Pro/4/15).

## II. ORGANIZATIONAL MATTERS

### A. Opening of the Meeting

2. The Meeting was opened by Ms. E. Claussen (United States of America), Chairperson of the Executive Committee, who welcomed Mr. Kamal Nath, Minister for Environment and Forests of India, attending in his capacity as President of the Bureau of the Meeting of the Parties, and Ms. Elizabeth Dowdeswell, Executive Director of UNEP.

3. The Chairperson briefly reviewed what had been accomplished since the Executive Committee's establishment:

- the Executive Committee had approved over 150 activities in 40 countries, including 30 investment projects and nine demonstration projects, for the elimination of 31,000 ODP-weighted tonnes of CFCs and other ozone-depleting substances;
- four demonstration projects, three engineering projects and three investment projects had entered the implementation phase with signed grant agreements;
- eight training projects had been conducted and three technical assistance projects had been completed;
- nine country programmes had been approved and approximately ten more of the 32 country programmes currently under development would be considered at the next meeting.

4. The Chairperson then outlined the goals for the Ninth Meeting: to approve well-designed projects that would reduce consumption of ODSs in countries operating under Article 5, paragraph 1; to carry out the tasks assigned to the Executive Committee in decision IV/18 of the Fourth Meeting of the Parties, namely to prepare reports on the operation of the Financial Mechanism since 1 January 1991 and on its three-year plan and budget; to review the status of contributions; to examine carefully the progress reports by the implementing agencies in order to see whether any agency was focusing on further project development at the

expense of implementation of existing projects; and to ensure that action by the Committee and its report were clear and decisive.

5. Ms. E. Dowdeswell, Executive Director of UNEP, emphasized UNEP's ongoing commitment towards ensuring that the Fund worked effectively. She had noted the continued improvement in the performance of the implementing agencies and had been impressed by the experience of networking that she had seen. The importance of education could not be over-emphasized and, since it was a key element in persuading industry and governments to achieve an early phase-out, she wondered whether an amount representing less than 2 per cent of the budget was sufficient for the purpose. She urged that further consideration be given to the matter.

6. His Excellency Mr. Kamal Nath, Minister of Environment and Forests of India, President of the Bureau of the Meeting of the Parties, said that Parties to the Montreal Protocol looked to the Multilateral Fund as an equitable basis for burden sharing. He shared the concern expressed by the Executive Director of UNEP regarding education because efforts would remain fruitless unless people in developing countries were made aware of the issues and became involved in the process.

#### B. Attendance

7. The Meeting was attended by representatives of the following countries, members of the Executive Committee in accordance with decision IV/20 adopted by the Parties at their Fourth Meeting:

- (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Canada, France, Japan, Netherlands, Norway, Russian Federation and United States of America;
- (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Brazil, Egypt, Ghana, Jordan, Malaysia, Mauritius and Venezuela.

8. In accordance with the decision taken by the Executive Committee at its Second Meeting, representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the World Bank attended as observers.

9. Pursuant to the decision taken by the Executive Committee at its Second Meeting, the President of the Bureau of the Meeting of the Parties to the Montreal Protocol also attended.

10. Representatives of the Commonwealth Science Council, Friends of the Earth and Greenpeace also attended the meeting.

C. Adoption of the Agenda

11. The Meeting adopted the following agenda:
  1. Opening of the Meeting.
  2. Organizational matters:
    - (a) adoption of the agenda;
    - (b) organization of work.
  3. Report by the Fund Secretariat:
    - (a) Secretariat activities;
    - (b) Contributions and Fund disbursements.
  4. Financial matters:
    - Requests for bilateral contributions.
  5. Implementing agencies:
    - (a) Progress reports:
      - Consolidated 1992 progress report;
      - 1992 UNDP progress report;
      - 1992 UNEP progress report;
      - 1992 World Bank progress report.
    - (b) Work programmes:
      - Consolidated 1993 work programme;
      - 1993 UNDP work programme;
      - 1993 UNEP work programme;
      - 1993 UNIDO work programme;
      - 1993 World Bank work programme.

6. Country programme: China.
7. Project proposals:
  - (a) China;
  - (b) Ecuador;
  - (c) Egypt;
  - (d) Philippines.
8. Issues related to the Open-Ended Working Group of the Parties:
  - (a) Draft report on the operation of the Financial Mechanism since 1 January 1991;
  - (b) Proposed three-year plan and budget of the Multilateral Fund (1994-1996).
9. Other matters.
10. Adoption of the report.
11. Date of the Tenth Meeting of the Executive Committee.
12. Closure of the Meeting.

#### D. Organization of work

12. The Committee agreed that informal working groups should be established to consider the draft report on the operation of the Financial Mechanism since 1 January 1991 and the proposed three-year plan and budget of the Multilateral Fund (1994-1996), which would be submitted to the Ninth Meeting of the Open-Ended Working Group to be held in August 1993.

### **III. SUBSTANTIVE MATTERS**

#### Agenda item 3: Report by the Fund Secretariat

- (a) Secretariat activities

13. The Chief Officer reported on the activities of the Secretariat since the Eighth Meeting and introduced document UNEP/OzL.Pro/ExCom/9/2.

14. The Executive Committee expressed its satisfaction at the work carried out by the Secretariat and the quality of the documentation submitted.

15. In response to questions raised, the Chief Officer said that the minutes of the Fourth Co-ordination Meeting of the Implementing Agencies, which had been held to ensure the best possible co-ordination of activities among the implementing agencies, could be made available to members of the Committee.

16. Responding to a question by one member on the low level of assistance to the African region, the Committee was informed that special efforts, including the development of a strategy for the African region, were underway and that UNEP, in collaboration with other implementing agencies, was expected to submit a strategy paper to the Executive Committee at its Tenth Meeting.

17. One member expressed the view that the Secretariat should do more to raise awareness of ozone issues and another urged the Secretariat to take active steps to encourage countries to accede to the Montreal Protocol. One other member, however, emphasized that the Secretariat's primary function was to manage the Fund and it should not be distracted from that task.

18. The Chief Officer said that the Secretariat, according to its terms of reference established by the Executive Committee, could not assume the role of an implementing agency. However, when invited, it participated in the agencies' workshops and other forums in an effort to communicate the goals of the Fund and the procedures that Article 5, paragraph 1 Parties must use to have access to its resources.

(b) Contributions and Fund disbursements

19. The Chief Officer introduced the document showing the status of contributions and the status of the Fund (UNEP/OzL.Pro/ExCom/9/3).

20. The representative of UNEP, speaking as Treasurer of the Fund, informed the Committee that subsequent to the issue of the document the following contributions had been received: 14.3 million French francs (approximately US \$2.6 million) from France; US \$50,713 from Luxembourg; and US \$908,609 from the United Kingdom. A total sum of US \$31,128,578 was therefore available. In addition, France had indicated that a further amount of US \$3,343,907 would become available on 30 June 1993.

21. The representative of Canada explained that it had been intended to use the sum of US \$522,340, shown as an outstanding balance, for bilateral programmes. However, the situation had changed and Canada would shortly deposit the sum in the Fund's account.

22. A number of members expressed deep concern at the amount of outstanding contributions and stressed the need to find a solution. One member suggested that countries in arrears should be asked to explain the reason for non-payment and if no satisfactory answer was

received the general public should be informed of the situation. Some members suggested that a personal approach to the competent authority in each country in arrears should be pursued. One member proposed that, where a country which was not operating under Article 5, paragraph 1 had an outstanding balance and had requested funds from the Global Environment Facility to carry out an ozone-related project, it should be informed that funds would not become available until its contribution to the Multilateral Fund had been paid in full. In response, two members expressed the view that such a proposal fell outside the mandate of the Executive Committee and could not legally be implemented. Another member considered that it was a matter for the Parties to decide and, if they so wished, they could consider it.

23. The representative of UNEP, speaking as Treasurer of the Fund, pointed out that non-payment of contributions was common to many funds, but no means existed to force States to pay and there was no mechanism for penalization.

24. The Committee discussed the problem of countries with economies in transition and the related issue of in-kind contributions, which the Fourth Meeting of the Parties had asked the Executive Committee to consider. The representative of the Russian Federation said that the present situation did not allow his country to fulfil all the pledges undertaken by the former Soviet Union, but it remained ready to make in-kind contributions and to re-examine the way in which the Russian Federation participated in the Multilateral Fund. Another member suggested that the question of in-kind contributions should be looked at anew to see what contributions could be made by countries with economies in transition. A member drew attention to the fact that one country with an economy in transition, namely Poland, had paid its contribution in full. He considered that even if in-kind contributions were accepted, part of the country's total contribution should be in hard currency.

25. The Chief Officer expressed the Secretariat's willingness to facilitate in-kind contributions, but emphasized that it could not act as a broker for technologies.

26. One member requested that in future the table showing the status of contributions should also include a column showing the accumulated outstanding balance, not simply that for the current year. A note could be added to the table stating that a particular country was unable to pay and the size of the Fund should be adjusted accordingly so that realistic figures were being used.

27. The Executive Committee decided to establish a sub-committee under the chairmanship of Malaysia (Vice-Chairman of the Executive Committee) to consider the question of contributions in arrears. The group should study the matter in detail, review all the possibilities and make specific recommendations to the Executive Committee.

28. The Executive Committee considered the report of the sub-committee on outstanding

contributions. Members were requested to send comments to the Secretariat within four weeks. The Secretariat would then prepare a revised document for circulation to members and a meeting of the sub-committee would take place the day before the Tenth Meeting of the Executive Committee.

29. The representative of the Russian Federation declared that, taking into consideration the new territorial and economic realities which now existed following the dissolution of the USSR and the creation of the new sovereign States which had become members of the United Nations, obligations made previously by the USSR concerning contributions to the Multilateral Fund must be adjusted appropriately for Russia.

30. The status of contributions at 28 February 1993 is shown in Annex I.

#### Agenda item 4: Financial matters

31. The Executive Committee decided to create a standing Sub-Committee on Financial Matters composed of representatives of Canada, France, Malaysia and Venezuela.

32. The terms of reference of the Sub-Committee on Financial Matters were submitted to the Executive Committee, which adopted them with an additional clause specifying that the Sub-Committee was empowered to require the attendance of any implementing agency on financial matters that caused concern to the Sub-Committee (Annex II).

#### - Requests for bilateral contributions

33. The Chief Officer informed the Committee that, with the exception of one request received on 8 March 1993 from Japan, no written requests had been received for the offsetting of bilateral contributions.

34. The representative of the United States said that it would present its progress report on bilateral contributions to the Tenth Meeting of the Committee together with an overview of expected work for the year. He informed the Committee that a joint meeting would be held with Germany to discuss experience with bilateral activities and any other countries interested in participating could contact the United States delegation.

35. The representative of Canada said that it was preparing bilateral activities in the training and recycling sectors which would amount to approximately 20 per cent of its contribution.

36. The representative of the Russian Federation enquired what the situation was concerning bilateral activities between the Federation and States which had formerly belonged to the Soviet Union and whether they could be offset against the Federation's contribution.

Agenda item 5: Implementing agencies

(a) Progress reports:

- Consolidated 1992 progress report

37. The Chief Officer introduced the relevant document UNEP/OzL.Pro/ExCom/9/4.

38. The Executive Committee congratulated the Secretariat on having prepared such a comprehensive report. Some representatives, however, requested that in future it should include graphics and various other suggestions concerning the breakdown of projects were proposed.

39. One representative stressed the importance of regional workshops and another member expressed surprise at the inclusion of travel assistance under bilateral contributions.

40. The Chief Officer, in response, said that the projects had been listed by implementing agency as the report represented a consolidated version of the separate progress reports. Nonetheless, the information could be assembled in any way decided upon by the Committee. The ODSs to be phased out had been shown in metric tonnes rather than in terms of ozone-depleting potential because some agencies could not give figures representing Ozone Depleting Potential (ODP). Finally, at its Fifth Meeting the Executive Committee had adopted criteria for bilateral contributions (UNEP/OzL.Pro/ExCom/5/16, Annex IV) and the Secretariat verified that those criteria had been met before bilateral activities were considered.

- 1992 UNDP progress report

41. The representative of UNDP introduced document UNEP/OzL.Pro/ExCom/9/5 and Add.1 and 2 which further outlined UNDP progress on specific projects and expenditure. He said that, although funding for projects approved at the Eighth Meeting of the Executive Committee held in October 1992 had not been received until December 1992, work had begun on several activities which would be reflected in the 1993 expenditures. During 1991 and 1992, 75 projects had been approved by the Executive Committee for UNDP implementation. Of those, 12 had been completed, 39 were being implemented, 18 were to start in March 1993 or in the second quarter of 1993. Three were at the planning stage and three were delayed pending Executive Committee decisions at the present meeting. Of the US \$7 million received by UNDP prior to October 1992, UNDP's indicative disbursement figures amounted to US \$2.9 million, resulting in a 41 per cent implementation rate. Start-up problems in UNDP and the governments had caused implementation delays in several cases, but faster progress was expected in the future as a result of a number of measures UNDP had taken to speed up implementation. Those measures included establishing procedures to expedite disbursement of funds for project implementation, increasing the number of staff dedicated to the Montreal Protocol, and making greater use of sector experts and field office personnel.

42. Several members expressed serious concern at the delays in implementing a number of the UNDP projects. They also felt that it was wrong for UNDP to have presented so little detail in its initial progress report and then to submit two additional documents during the meeting, when there was not enough time to consider them in detail: the Executive Committee had previously decided that it would not consider late proposals. Some members questioned whether additional responsibilities and funds should be given to UNDP until progress had been made on the backlog of projects.

43. Some members felt that, to facilitate assessment of progress in the implementing agencies, there should be a standard format for the progress reports indicating, for example, what problems the agencies had encountered and how they intended to deal with them in the future.

44. In considering the reasons for UNDP delays, one member said that, for the most part, UNDP had to rely on local support for its initiatives and was therefore not always to blame for delays.

45. The representative of UNDP replied that documents which had been submitted late were in response to a Secretariat request for additional information to be presented at the Ninth Meeting; they did not contain proposals for new projects. Regarding delays noted in the UNDP progress report, he stated that some of the implementation delays were due to problems within UNDP related to the need to start activities at the national, sectoral and regional levels concurrently and some others to problems in the countries; at future meetings, UNDP would give more precise information on the exact causes of delays for each project. At the next meeting, UNDP would have completed its 1992 financial accounts and would be in a position to present a final statement for 1992.

46. The Executive Committee decided that all progress reports must be submitted at the proper time and should contain precise information on the reasons for any delays. In that connection, it requested the Secretariat to work with the implementing agencies to develop a standard format for communicating progress and the reasons for delays.

- 1992 UNEP progress report

47. The representative of UNEP IE/PAC introduced document UNEP/OzL.Pro/ExCom/9/6 and gave further details on some of UNEP's activities, which covered information exchange, training and work on country programmes in low ODS-consuming countries.

48. Several members commended UNEP on the number of very important activities it had implemented in the previous year.

49. One member asked why the cost of the country programmes and preparatory work was increasing.

50. The representative of UNEP IE/PAC replied that US \$30,000 was not an excessive figure since \$10,000 was given to the countries for preparatory work. Although every effort was made to reduce travel costs by arranging to visit several countries in a region at the same time, that could not always be done because people were not always available.

- 1992 World Bank progress report

51. The representative of the World Bank introduced document UNEP/OzL.Pro/ExCom/9/7. He added that in the previous year a heavy investment in organizational learning had been made by both the Bank and the clients. It would soon be possible to reap returns on the investment and much better progress could be expected in the next calendar year. Specifically, the Bank hoped that the time taken to negotiate grant agreements for monetary disbursement following approval by the Executive Committee (currently 11 months) could be reduced to five or six months in the near future.

52. Several representatives were pleased to learn of the experience that had been gained and looked forward to faster implementation in the future.

53. One member said that future progress reports should indicate the quantity of ODSs eliminated by specific projects as well as the cost. In addition, more data should be collected to help in evaluating why the costs differed markedly from country to country.

54. One member felt that the World Bank's financial statement could serve as a model for the other agencies.

55. Another member said that some of the critical remarks which had been made about UNDP could also be applied to the World Bank. He therefore felt that the Bank should provide more information on the exact reasons for delays.

56. The representative of the World Bank replied that the Bank was already issuing a document on unit abatement costs, which provided examples of calculations in the various ODS-using sectors. The document would be updated every year and it could be used as reference for future project costing. As suggested, the Bank would give the specific reasons for delays in the future.

57. The Executive Committee requested the Secretariat to have discussions with the implementing agencies before the next meeting to discuss a common format for future reports or a common set of items on which information should be provided. In addition, it would also be useful for the Treasurer to have discussions with the agencies concerning the most appropriate time for funds to be transferred, following approval of projects by the Executive Committee.

(b) Work Programmes

- Consolidated 1993 work programme

58. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/9/8.

59. Some members pointed out that some agencies charged 13 per cent for administrative costs while the World Bank included them in total programme costs. The Executive Committee should be given a clear breakdown between administrative and operational costs.

60. The representative of the World Bank replied that it did not operate on the basis of fixed overhead costs like the United Nations agencies. Instead, it provided the Secretariat with a very detailed bill for its actual costs.

61. The Executive Committee was informed that, in the case of Brazil, owing to internal problems, it had not been possible to submit project proposals in time for consideration at the present meeting. However, the relevant documents had now been sent to the World Bank, UNDP and the Secretariat and it was hoped that Brazil's projects could be included in a revised document at the Tenth Meeting.

- 1993 UNDP work programme

62. The representative of UNDP introduced the UNDP work programme (UNEP/OzL.Pro/ExCom/9/9).

63. The Chief Officer introduced the Secretariat's comments on the UNDP programme.

64. One member said that the Taki-Vita project, which was partly foreign-owned, was important and a way should be found to fund it in full. Similar requests to fund projects whose ownership included partial passive ownership by developed countries were sure to come up in the future and a system should be devised so that such important projects could be approved by the Executive Committee.

65. Several members expressed surprise that the Taki-Vita issue was being raised again since the Executive Committee had already established clear guidelines to fund only the local ownership share of incremental costs in such cases and had taken a firm decision on the project at the Eighth Meeting.

66. UNDP informed the Committee that the reason for bringing up the Taki-Vita case once again was that no final ruling had yet been made by the Executive Committee on the issue.

67. One member was surprised that, after making three trips to Egypt and having submitted

projects on Misr Foam at the Eighth Meeting, UNDP was now submitting a new proposal regarding Misr Foam.

68. In relation to a UNDP request to fund a project in China for the collection of methyl bromide information, some members felt that such funding would be contrary to the terms of the Protocol as decided by the Fourth Meeting of the Parties. Other members concurred, noting that priority should now be given to CFCs and that the methyl bromide proposal should not be approved at present. Other members thought that the Executive Committee should exercise some judgement and provide funding for the collection of information on methyl bromide. Due to the environmental significance of methyl bromide, some members indicated that their countries would informally explore possible opportunities for supporting some methyl bromide data collection and would report back to the Tenth Meeting of the Executive Committee.

69. The Executive Committee recommended that, in order to come to a clear decision at the Fifth Meeting of the Parties regarding funding of methyl bromide projects, recommendations should be considered by the Ninth Meeting of the Open-Ended Working Group of the Parties.

70. Regarding agency administrative costs, one member said that all the implementing agencies needed to accept the 13 per cent overhead figure, which was the United Nations standard, as a maximum not a minimum. Another member found it difficult to understand why the Executive Committee was being asked to provide a 13 per cent overhead fee when a project was transferred from the Bank to UNDP.

71. The representative of UNDP replied that the project in question had been transferred without programme support costs. As to the new Misr Foam submission, the new project proposal was for a separate process in a different manufacturing unit. It was based on important new information which had been obtained by Misr Foam only after the first project for the original manufacturing unit had been submitted.

72. In approving the UNDP work programme, the Executive Committee made it clear that the approval of funding for the UNDP work programme in future years would be contingent on substantial progress being made in the implementation of its existing project portfolio.

73. The Executive Committee approved the 1993 UNDP work programme for a total of US \$3,137,142, including additional country programme preparation costs for the Philippines (US \$39,820), less the methyl bromide data survey project in China, which was not approved (US \$72,000). The Committee also approved the sum of US \$518,076, representing the administrative support costs for the part of the 1992 work programme not already covered.

- 1993 UNEP work programme

74. The representative of UNEP IE/PAC introduced the 1993 work programme (UNEP/OzL.Pro/ExCom/9/10). The cost of the 1993 programme had been reduced to US \$2,204,000, but she cautioned that the reduced expenditure would necessarily affect

performance.

75. The objective of the programme was to create awareness and facilitate operations to phase out CFCs. Ongoing efforts had to be made in the following areas: (i) information exchange: collection and updating of information and increased efforts to disseminate it, although that was an expensive process; (ii) initiation of the halon bank management clearing-house in co-operation with the Halons Technical Options Committee, as recommended by the Fourth Meeting of the Parties (decision IV/26); (iii) preparation of a standardized information kit for use by countries; (iv) training and networking; and (v) completion of the country programmes of Algeria, Botswana, Mauritius, Pakistan and Zimbabwe.

76. She said that a further US \$75,000 was needed for the completion of country programmes for Barbados and Pakistan resulting in a total cost of US \$2,288,900 for the work programme.

77. In its comments, the Secretariat cautioned against immediate launching of networking activities since the focal points had not yet been established.

78. Several members stressed the importance of the UNEP programme and recommended approval.

79. The representative of the Russian Federation said that his country was eager to participate in clearing-house functions and training and he hoped that the implementing agencies would keep it better informed of activities in those sectors. He also drew attention to the new generation of entrepreneurs in Russia who had little knowledge of international commitments and regulations and for them training was extremely important.

80. The observer for Greenpeace said that more funding for the clearing house at the present stage would lead to economies in the long term. Greenpeace International intended to provide substantial support to the clearing-house function, but he urged the Committee to allocate increased funds in its next budget so as to allow the clearing house to reach not only government level but also small and medium-scale enterprises.

81. One member pointed out that the end result of training in aerosols should be the identification and development of specific investment projects. As regards networking, he asked whether UNEP could establish measures to evaluate the success of networking activities so that the success of this initial effort could be measured before moving further ahead. The amount proposed for halon bank management seemed high and he requested UNEP to work with the Halons Technical Options Committee to assess what amounts were actually needed to reach the goals.

82. Several members drew the Executive Committee's attention to the accelerated phase-out of halons and, in view of the technical complexity, they considered that the holding of the

proposed halon workshop would be necessary.

83. One member proposed that assessment criteria be included in any networking proposal. He said that halon bank management would involve both developing and developed countries,

and questioned whether it should not be wholly financed by the Fund. Finally, he questioned the inclusion of a sum of US \$30,000 for administrative costs and US \$100,000 for travel because such amounts should be included in the 13 per cent support costs.

84. After responding to the issues noted above, the Executive Committee approved the UNEP work programme for a total amount of US \$2,288,900 inclusive of support costs. It requested UNEP IE/PAC to ensure that information was fully disseminated and that assessment criteria were included in networking activities.

- 1993 UNIDO work programme

85. The representative of UNIDO introduced the 1993 work programme (UNEP/OzL.Pro/ExCom/9/11). She explained that the guiding principles for the preparation of the work programme had been to make full use of the experience which UNIDO had already gained in the formulation and implementation of industrial projects and in small-scale industries in developing countries. She added that it was UNIDO's mandate to assist developing countries to achieve sustainable industrial development. UNIDO had established close links with industrial enterprises, institutions and associations in developing countries and they would be used to the full in addressing the problems and in implementing activities to phase out ODSs.

86. UNIDO only became the fourth implementing agency at the Eighth Meeting of the Executive Committee and had therefore had little time to prepare its work programme. Consequently, it would present an addendum to its programme to the Tenth Meeting of the Committee.

87. Pursuant to the Agreement between the Executive Committee and UNIDO, the latter had co-operated with the other implementing agencies. It had already identified co-operation possibilities and modalities with the World Bank and hoped to reach similar co-operative arrangements with UNDP and UNEP in the near future.

88. Regarding specific projects, she said that a project in Brazil would be co-ordinated with the World Bank. Lastly, she stated that certain projects in China would be co-ordinated with UNDP and the World Bank.

89. The Executive Committee approved the 1993 UNIDO work programme for a total amount of US \$491,500. This money would be spent largely on project development in several countries; it also approved the transfer of US \$50,000 plus support costs from the sum of

US \$113,000 allocated to UNDP at the Eighth Meeting of the Executive Committee for the performance of work on a related project.

- 1993 World Bank work programme

90. The representative of the World Bank introduced the 1993 work programme (UNEP/OzL.Pro/ExCom/9/12) and said that 1993 would be a year for the consolidation of activities. Details regarding work with India had been elaborated too late for inclusion in the work programme, but the World Bank proposed to hold a seminar on 31 March 1993 and notified the Executive Committee that projects would follow. There was one new substantial country programme being undertaken by the Bank this year, in Argentina. Further, the Bank notified the Executive Committee that it would conclude discussions with UNIDO and Nigeria regarding Nigeria's country programme and that, since UNIDO had become an implementing agency and had considerable experience of industry in Nigeria, the Bank was actively considering the possibility of transferring a large part of its activities in Nigeria to UNIDO. Global projects concerning ways of reducing ODSs in solvents and refrigeration as well as halon control were underway.

91. He informed the Committee that the Bank's Montreal Protocol overhead costs were currently running at 6 per cent and were decreasing so that the amount should be 5 per cent or less in 1993. That was a satisfactory trend and now that most country programmes had been prepared, it was possible to move ahead rapidly with less overheads.

92. Regarding collaboration with other implementing agencies, he said that UNIDO's wide experience with small-scale industrial projects would complement the Bank's experience with large-scale projects.

93. The Executive Committee noted with satisfaction the significant improvement in the presentation of work programmes in general and the World Bank's programme in particular.

94. One member noted that the information contained in the World Bank report was not easy to analyze and cited Table 2 on page 8 of the 1993 World Bank work programme as an example. He also indicated that it would be useful to include information on performance indicators in such summary tables.

95. The representative of the Russian Federation expressed the hope that the World Bank would envisage utilizing Russian technology for projects in countries operating under Article 5, paragraph 1. Such co-operation could constitute part of its in-kind contribution.

96. One member stressed that the best approach to any project was to utilize local expertise

and knowledge. Greater efforts should be devoted to recruiting local experts. He also underlined his concern regarding global projects, which should always take into account each country's specificities, and he stressed that countries preselected as participants should always be consulted during the preparation phase of such projects.

97. Another member said that Table 2 in Annex I constituted an interesting insight into the cost effectiveness of projects and emphasized that it should be an over-riding objective to see that funds were used as effectively as possible. He considered that Annex II (Country Level

CY93 Work Programs of Planned Bank-Implemented Montreal Protocol Activities) gave a clear picture of the situation in different countries, but it would be helpful if it could also include the activities of other implementing agencies.

98. The observer for Greenpeace strongly opposed the view that HCFCs represented the only alternative to CFCs. There were better, more benign and more cost effective alternatives available and HCFCs should only be looked upon as transitional substances. Any over-reliance on HCFCs could prove to be costly in the long term.

99. The Executive Committee noted that the World Bank agreed to the deletion of "if requested by the GOM" in paragraph 3 on page 36.

100. In response to questions on the Bank's proposals for the Philippines, the representative of the World Bank said that the Bank accepted the Secretariat's proposal that the sum of US \$200,000 for information dissemination in the Philippines should be approved as a separate project in addition to the institutional strengthening project of US \$209,000. With regard to the residual amount carried over from the 1992 work programme, he explained that it corresponded to the following: the Egyptian demonstration project had been cancelled; the sum required for the Ecuador pre-investment projects had been substantially less than originally envisaged; the Thailand demonstration project had proved to be much more complex than originally anticipated and required further consideration; finally, because it had not been possible to undertake all the work envisaged and all the funds had not been used, the work programme management and administrative costs had decreased. He also informed the Committee that a sum of US \$750,000 had been earned in interest on the amounts not utilized.

101. Regarding performance indicators, the Bank stated that Table 2 in Annex I showed the amount of ODSs phased out, which was a valid performance indicator. Nonetheless, he suggested that the Executive Committee should discuss how performance should be assessed at its Tenth Meeting.

102. In reply to the representative of the Russian Federation, he agreed that real possibilities existed for utilizing Russian technology and expertise and the Bank would make appropriate suggestions.

103. Referring to cost effectiveness, he said that the cost per kilo shown in Table 2 in Annex I

reflected the fact that prices varied from country to country. Any project had to fit into the prevailing macroeconomic framework and there was no standardized price for a kilogram of ODSs. Nevertheless, Table 2 in Annex I could be modified or added to in order to reflect prices in different sectors in different countries.

104. In reply to the observer for Greenpeace, he said that alternative methods of refrigeration were being developed and they would be taken into account when they were ready.

105. With regard to a question on the Bank's use of local expertise in its project development, he pointed out that it was the Bank's strategy to utilize local expertise and it already did so to a large extent.

106. Following a discussion on whether the World Bank or UNEP was the most appropriate organization to carry out activities for the dissemination of information in the Philippines, the Executive Committee requested the World Bank to discuss the matter with UNEP.

107. The representative of the World Bank subsequently reported to the Executive Committee that an understanding had been reached with UNEP that the Bank would encourage the Government of the Philippines to consider favourably UNEP undertaking the information dissemination component of the Bank's project and indicated that that might lead to a model of collaboration with UNEP.

108. The Executive Committee approved the 1993 World Bank work programme for a total amount of US \$5,364,840, including country programme preparation (US \$166,500), project preparation (US \$2,656,340), administrative, legal and financial costs (US \$1,179,000), and the following projects costing less than US \$500,000:

Ecuador institutional strengthening	US \$204,000
Indonesia project preparation advance	US \$250,000
Philippines technical advance	US \$100,000
Philippines institutional strengthening	US \$209,000
Philippines information dissemination	US \$200,000
India project preparation advance	US \$400,000

The sum of US \$3,580,000, representing the residual amount from the 1992 work programme would be deducted from the total of US \$5,364,840, leaving a sum of US \$1,784,840 to be transferred.

#### Agenda item 6: Country Programme: China

109. The representative of China introduced document UNEP/OzL.Pro/ExCom/9/13 and

thanked UNDP and the Fund Secretariat for their assistance in preparing the programme.

110. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/9/13/Add.1/Rev.1, containing the comments and recommendations of the Secretariat as well as the country programme cover sheet.

111. Several members commended China and UNDP on the valuable country programme which had been prepared.

112. One member noted China's intention to replace substances with high ODPs by low-ODP substances and later by zero-weighted substances. He wondered if that was really in accordance

with the Executive Committee's plans and felt that the Copenhagen amendments would have to be applied at some point. He was also not certain of the exact amount which China considered to be incremental costs which would be covered by the Fund, nor of the eligibility of some of the costs in the programme.

113. The representative of China said that his delegation took note of the matters raised and would provide further information at a later stage.

114. One member stressed that the China country programme would have to be constantly reviewed and updated. He hoped that the high costs involved could be reduced somewhat as time went on.

115. The Executive Committee approved the country programme. However, this approval did not denote prior approval of funding levels contained in the country programme.

#### Agenda Item 7: Project Proposals

##### (a) China

116. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/9/14 and Add.1.

117. In response to questions, the representative of China said that early implementation of the 50 per cent CFC-reduced foam project could speed up ODS reduction as a whole in China. In view of the project's low unit cost, he hoped that it would be approved by the Executive Committee and that implementation could be started as soon as possible.

118. One member was distressed to see an almost US \$6 million increase in the proposed cost of the foam project. He felt that the World Bank should include that project in its grant agreement on a contingent basis to allow the project to proceed when a specific amount of funding was approved by the Executive Committee in the future.

119. Other members agreed that better documentation should be provided before the foam project was finally approved.

120. The representative of the World Bank pointed out that the Bank had provided the Secretariat with the best summary that could be prepared and could provide further information if required.

121. The Chief Officer felt that adequate information should be provided to address the concerns expressed by the Secretariat and the Ozone Operations Resource Group (OORG).

122. The Executive Committee agreed to give the World Bank permission to proceed with further arrangements covering this project (50 per cent CFC-reduced foam) at the funding level requested with a clear understanding that such approval would in no way prejudice the final

approval of the final funding level when the World Bank would re-submit the project to the Executive Committee with the information requested.

123. Before approving the proposed changes in the amounts allocated to previously approved projects, the issue of their treatment was raised. It was suggested that changes of less than US \$500,000 should be treated in a manner similar to work programme amendments unless those changes represented an increase of over 50 per cent of the original project cost, in which case, more detailed information should be provided.

124. The Executive Committee also approved the revised costs for five projects as follows:

- (i) Tianjin CFC conversion to LPG propellant: from US \$2,500,000 to US \$2,770,000
- (ii) Shanghai CFC conversion to LPG propellant: from US \$1,900,000 to US \$2,309,000
- (iii) Zhejiang foam plant conversion to butane: from US \$1,042,000 to US \$973,000
- (iv) Zhejiang halon extinguisher conversion: from US \$797,000 to US \$710,000
- (v) Beijing ABC powder production project: from US \$403,000 to US \$900,000.

A sum of US \$185,000 was also allocated to cover the fees of the financial agent and an additional US \$70,000 was approved to provide technical supervision of technology procurement and detailed sub-project design for Zhejiang halon and foam projects.

In all, a total of US \$1,275,000 should be transferred to the World Bank.

(b) Ecuador

125. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/9/15 and Add.1.

126. The Executive Committee approved the following two projects:

- (i) Conversion of aerosol plants to hydrocarbon propellants: US \$697,000
- (ii) Reduced CFC-insulating foams in refrigerator manufacturing: US \$665,000.

(c) Egypt

127. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/9/16 and Add.1 covering the proposed Egypt projects.

128. The representative of Egypt thanked UNDP and the Secretariat for their excellent work on the Al Sharif project. In addition, he agreed that tax components should be removed and hoped that would be done in a consistent manner across all projects.

129. The Executive Committee approved the following project:

- Elimination of CFC-12 in the manufacture of extruded polystyrene foam at Al Sharif plastic factories: US \$498,000.

130. The representative of UNDP asked whether the Al Sharif project should now be incorporated into the UNDP work programme with the appropriate support costs (13 per cent) since the cost of the project had been reduced to under \$500,000.

131. The Chairperson replied that that was the case.

(d) Philippines

132. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/9/17 and Add.1.

133. One member expressed concern at the environmental consequences of the solvents project and assumed that the World Bank discussed such matters with its clients. Perhaps some standardization would be possible, particularly with regard to solvents, so that there could be some assurance that action to protect the ozone layer was not creating other environmental problems.

134. The observer for Friends of the Earth said that her organization would provide information on projects in Ecuador and the Philippines to affiliated groups in those countries and encouraged the World Bank to involve those and other local groups in those projects to ensure that they were environmentally sound.

135. The observer for Greenpeace said that his organization could not agree with the approach taken in the four refrigerator projects. The conversion process was very expensive and not very effective.

136. It was agreed that in approving the Philippines projects attention should be paid to the issues raised in paragraph (9) of document UNEP/OzL.Pro/ExCom/9/17/Add.1 (the Secretariat's comments), as follows:

- (i) costs of laboratory and testing equipment requested in the four rigid polyurethane foam projects might not be incremental, since such equipment was used (or should be in use) by the manufacturers for 100 per cent CFC-11 blown foam;
- (ii) only equipment replacing current capacity qualified for funding. No equipment should be procured with resources from the Multilateral Fund to expand existing capacity;
- (iii) cost of training varied from US \$60/day to US \$1,300/day (in the four rigid polyurethane foam projects) which was incongruent with the fact that the same technology would be used for the same purpose in the same country by the same implementing agency; and
- (iv) in addition to (i)-(iii) above, recommendations cited by the OORG reviewer regarding certain aspects of technology and costs should be taken into consideration while appraising the projects.

137. The representative of the World Bank said that an environmental assessment was carried out for each project submitted. As to the refrigerator projects, the World Bank was following the recommendations of technical experts in the field; the approach being taken was a solid one and would bring about a rapid reduction in consumption.

138. The Executive Committee approved the following projects (subject, where applicable, to the issues raised in paragraph 136) and approved the indicated funding for their implementation by the World Bank:

- (i) Conversion of tobacco fluffing process to carbon dioxide at Fortune Tobacco Corp.: US \$4,720,000
- (ii) Application of a reduced CFC Blowing Agent and non-CFC Application Preparation at the following refrigerator manufacturers: US \$3,990,000
  - Philippines Appliance Corporation Industries
  - Concepcion Industries
  - Sanyo Philippines
  - Federal Electric Company.

- |       |  |                |
|-------|--|----------------|
| (iii) | Five solvent sector sub-projects:  | US \$2,710,000 |
|       | - Conversion to Semi-Aqueous and Aqueous Cleaning Solvents at Ionics Circuits, Inc.          |                |
|       | - Conversion to Low-Emission Processing and Organic Solvents at Pacific Semiconductors, Inc. |                |
|       | - Conversion to Semi-Aqueous and Aqueous Solvents at Electronic Assemblies, Inc.             |                |
|       | - Conversion to High-Purity Water Cleaning at Integrated Microelectronics                    |                |
|       | - Conversion to Semi-Aqueous Cleaning Solvents as Solid Circuits.                            |                |

Agenda item 8: Issues related to the Open-Ended Working Group of the Parties

(a) Draft report on the operation of the Financial Mechanism since 1 January 1991

139. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/9/18.

140. The informal working group established to consider the draft report on the operation of the financial mechanism since 1 January 1991 (UNEP/OzL.Pro/ExCom/9/18), requested in decision IV/18 adopted by the Fourth Meeting of the Parties, reported to the Executive Committee, which took the following decisions:

141. The Executive Committee instructed the Secretariat to request the Consultant to restructure and expand the document to report on progress, processes and issues and to address the following points:

- (i) the project cycles should be emphasized and presented in the following format: proposal development, project approval, and implementation phases. Also, additional information on UNEP and UNIDO project cycles should be included;
- (ii) this approach should include the use of flow charts applicable to all implementing agencies, including their relationship to the Executive Committee, to illustrate the process graphically;
- (iii) a separate section should be included identifying issues encountered, resolved, and outstanding;
- (iv) the report should be clearly distinguished from the review mandated in Part II, paragraph 4 of decision IV/18 of the Fourth Meeting of the Parties.

142. The Executive Committee further decided that the working draft would be submitted to

Executive Committee members within four weeks, by courier, for written comments to be returned within 10 working days of receipt.

143. Such timing was essential in order to prepare a final draft in the working languages of the Executive Committee for review by the Executive Committee members in advance of the Tenth Meeting.

144. The Executive Committee requested the Secretariat to ensure that, in future, terms of reference for reports of this nature be circulated to all members of the Executive Committee.

(b) Proposed three-year plan and budget of the Multilateral Fund (1994-1996)

145. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/9/19.

146. The informal working group established to consider the draft paper on the proposed three-year plan and budget of the Multilateral Fund (1994-1996) (UNEP/OzL.Pro/ExCom/9/19), requested in decision IV/18 adopted by the Fourth Meeting of the Parties, reported to the Executive Committee which took the following decision:

147. The Executive Committee found that the document (UNEP/OzL.Pro/ExCom/9/19) was based on the sector-based approach and drew on all independent studies on the magnitude of the fund required for the period 1994 to 1996, which concluded with a budget of a similar order of magnitude.

148. The Executive Committee found that the document was a refinement of past reports and assessments and responded to decision IV/18, Part II, paragraph 1, sub-paragraph (b), (i) and (iii).

149. In accordance with decision IV/18, Part II, paragraph 1, sub-paragraph (b), (i), the proposed three-year plan and budget must take into consideration the "capacity and performance of the implementing agencies" to deliver projects over the budget period 1994 to 1996.

150. The Executive Committee, therefore, instructed the implementing agencies to provide input on their capacity to deliver projects on a sector and sub-sector basis taking into account:

- the increasing capacities of their clients based on experience and as indicated by country programmes and national or strategic studies as available;
- the capacity and performance of implementing agencies to absorb an increasing amount of projects over the budget period;
- the anticipated projects possible during the budget period given technological considerations; and
- the existing policies of the Executive Committee.

151. If possible, the product should illustrate the relative magnitude of sub-sector activity annually over the budget period.

152. The Executive Committee also instructed the implementing agencies to co-ordinate their plans to avoid overlaps. The Secretariat was instructed to chair a co-ordination meeting no later than 31 March 1993 to incorporate the input of the implementing agencies into a report for distribution to all Executive Committee members no later than 7 April 1993.

153. Executive Committee members should be given 10 working days to provide comments on the next working draft. If the Secretariat, in consultation with the Chair and Vice-Chairman, determined that a consensus was not reached by an evaluation of the comments, a sub-committee meeting would be held during the week of 3 to 7 May 1993.

154. Such a tight time schedule was essential in order to allow for translation of the documents and submission of a draft final report in advance of the Tenth Meeting, at which time the report would be approved.

#### Agenda item 9: Other Matters

155. One member expressed concern at the increasing tendency for approval of projects by piecemeal rather than as part of a country programme. He felt that the Committee needed to look at the priority of country programmes again. Another member felt that although that was the case now, however, each Article 5 Party had its own constraints and they should not be discouraged from submitting projects prior to country programme preparations, as had been decided by the Executive Committee at its Third Meeting (UNEP/OzL.Pro/ExCom/3/18/Rev.1, Annex III).

156. The Executive Committee decided to include the issue as an agenda item at its next meeting, and further requested the Secretariat to prepare a status of country programmes to be submitted at the Tenth Meeting of the Executive Committee.

157. The Executive Committee considered the information kit (UNEP/OzL.Pro/ExCom/9/Inf.2) and decided that it would be circulated in all United Nations official languages.

158. The Executive Committee took note of the document submitted by the United Nations Environment Programme on the training approach for phase-out of ozone-depleting substances under the Multilateral Fund (UNEP/OzL.Pro/ExCom/9/Inf.3/Rev.1).

159. The Executive Committee also took note of the review of institutional strengthening requirements submitted by the World Bank (UNEP/OzL.Pro/ExCom/9/Inf.4) and agreed that, in

assessing future cases for institutional strengthening to be submitted to the Executive Committee, the Secretariat should bear the review in mind. In cases where funding for institutional strengthening was sought beyond the ceilings set by the Seventh Meeting of the Executive Committee, such cases should be supported by detailed information covering the reasons for exceeding the ceilings set.

160. The Executive Committee also took note of the World Bank's paper on Incremental Costs (UNEP/OzL.Pro/ExCom/9/Inf.5). After a brief discussion, the Executive Committee requested the World Bank to meet with the other implementing agencies and the Fund Secretariat to review the paper and to hold a workshop for the benefit of the Executive Committee members.

161. One member also requested that other Parties be given the opportunity to comment on the paper.

162. Finally, it was decided that a revised paper should be presented for consideration at the next meeting.

163. A summary of the decisions taken by the Executive Committee at its Ninth Meeting is annexed (Annex III).

#### **IV. ADOPTION OF THE REPORT**

164. The Executive Committee adopted the present report, on the basis of the draft report contained in document UNEP/OzL.Pro/ExCom/9/L.1, on 10 March 1993.

#### **V. DATE OF THE TENTH MEETING OF THE EXECUTIVE COMMITTEE**

165. The Executive Committee decided to hold its Tenth Meeting in Montreal from 28 to 30 June 1993, preceded by a meeting of the sub-committee on contributions in arrears on 27 June.

#### **VI. CLOSURE OF THE MEETING**

166. Following the customary exchange of courtesies, the Chairperson declared the meeting closed at 1:30 p.m. on Wednesday, 10 March 1993.

## ANNEX I

## REPORT FROM THE TREASURER

TRUST FUND FOR THE MULTILATERAL FUND UNDER THE MONTREAL PROTOCOL  
(as at 28.02.93)

Country	Unpaid Contributions		Bilateral Contributions for 1993 US \$	Net Contributions for 1993 US \$	Collection in 1992 for 1993 US \$	Collection in 1993		Unpaid Contribution for prev yrs US \$	Unpaid Contribution for 1993 US \$
	as at 31.12.92 US \$	Gross Contributions for 1993 US \$				1993 for previous years US \$	Collection in 1993 for 1993 and ft. years US \$		
Australia	0	2,011,867	(4,317).1/	2,007,550	17,094	0	0	0	1,990,456
Austria	625,456	999,272		999,272	0	0	0	625,456	999,272
Bahrain	29,457	39,971		39,971	0	0	0	29,457	39,971
Belgium	988,896	1,412,304		1,412,304	0	0	0	988,896	1,412,304
Belarus	486,043	639,534		639,534	0	0	0	486,043	639,534
Bulgaria	126,782	173,207		173,207	0	0	0	126,782	173,207
Canada	522,340	4,143,646		4,143,646	0	0	0	522,340	4,143,646
Czechoslovak	418,394	732,799		732,799	0	0	0	418,394	732,799
Denmark	0	866,035		866,035	0	0	0	0	866,035
Finland	0	759,446		759,446	0	0	0	0	759,446
France	9,205,363	7,994,173		7,994,173	0	0	0	9,205,363	7,994,173
Germany	0	11,897,994		11,897,994	18,378	0	0	0	11,879,616
Greece	216,145	466,327		466,327	0	0	0	216,145	466,327
Hungary	309,300	239,825		239,825	0	0	0	309,300	239,825
Iceland	0	39,971		39,971	0	0	0	0	39,971
Ireland	0	239,825		239,825	0	0	0	0	239,825
Israel	0	306,443		306,443	0	0	0	0	306,443
Italy	1,082,074	5,715,834		5,715,834	0	0	0	1,082,074	5,715,834
Japan	0	16,587,909		16,587,909	0	0	0	0	16,587,909
Korea, Rep. o	0	919,330		919,330	0	0	0	0	919,330
Liechtenstein	0	13,324		13,324	8,437	0	0	0	4,887
Luxembourg	0	79,942		79,942	0	0	0	0	79,942
Malta	21	13,324		13,324	0	0	0	21	13,324
Netherlands	0	1,998,543		1,998,543	0	0	0	0	1,998,543
New Zealand	0	319,767		319,767	0	0	0	0	319,767
Norway	0	732,799		732,799	0	0	0	0	732,799
Poland	0	626,210		626,210	0	0	0	0	626,210
Portugal	265,115	266,472		266,472	0	0	0	265,115	266,472
Russian Fed.	14,713,852	8,940,150		8,940,150	0	0	0	14,713,852	8,940,150
Singapore	0	159,883		159,883	0	0	0	0	159,883
South Africa	0	546,268		546,268	0	0	0	0	546,268
Spain	0	2,638,077		2,638,077	0	0	0	0	2,638,077
Sweden	15	1,478,922		1,478,922	0	0	0	15	1,478,922
Switzerland	15	1,545,540		1,545,540	0	0	0	15	1,545,540
Ukraine	1,841,073	2,491,517		2,491,517	0	0	0	1,841,073	2,491,517
U.A.E.	279,843	279,796		279,796	0	0	0	279,843	279,796
U.K.	3,714,654	6,688,458		6,688,458	0	908,609	0	2,806,045	6,688,458
U.S.A.	0	28,334,903		28,334,903	211,172	0	0	0	28,123,731
<b>TOTAL</b>	<b>34,824,838</b>	<b>113,339,607</b>	<b>(4,317)</b>	<b>113,335,290</b>	<b>255,081</b>	<b>908,609</b>	<b>0</b>	<b>33,916,229</b>	<b>113,080,209</b>

3ilateral assistance of AUD 6,000.00 (USD 4,317.00) for 1993 approve during Exec. Comm. Mtg. of Oct. 1992.  
al collected during 1991 as at 31.12.91: US \$26,967,889.00  
al collected during 1992 as at 31.12.92: US \$62,915,972.00  
al collected during 1993 as at 28.293: US \$908,609.00

## ANNEX II

### SUB-COMMITTEE ON FINANCIAL MATTERS

#### Terms of reference

##### Background

1. The Second and Fourth Meetings of the Parties to the Montreal Protocol decided to establish a Multilateral Fund to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of Article 5 of the Protocol to comply with the control measures of the Protocol.
2. The Meeting also established an Executive Committee with responsibilities, *inter alia*, for developing and monitoring the implementation of specific operational policies, guidelines and administrative arrangements including the disbursement of resources; supervising and guiding the administration of the Multilateral Fund; reviewing regularly the performance reports on the implementation of activities supported by the Multilateral Fund; and monitoring and evaluating expenditure incurred under the Multilateral Fund.
3. As requested by the Executive Committee at its First Meeting, the Fund, with the approval of the Secretary-General of the United Nations, was established in accordance with the Financial Regulations and Rules of the United Nations and is administered by the Executive Director of UNEP.
4. At its Third Meeting, the Executive Committee established the roles and responsibilities of the Fund Secretariat which include, *inter alia*, the monitoring and evaluation of expenditures; preparing performance reports on the implementation of the activities under the Fund for review by the Executive Committee; monitoring the activities of the implementing agencies based on their oral and written reports; encouraging the Parties to make prompt payment of their contributions to the Fund; providing accounts for the year; and submitting audited accounts as soon as practicable.
5. The Executive Committee entered into an agreement with UNEP to have UNEP serve as Treasurer of the Fund. As per the agreement, the Treasurer is responsible, *inter alia*, for receiving and administering contributions and disbursing funds to the Fund Secretariat and the implementing agencies, based on the decisions of the Executive Committee.
6. The World Bank, UNDP, UNEP, and UNIDO have been requested by the Executive Committee to cooperate with and assist Parties within their respective areas of expertise and for this purpose have entered into agreements with the Executive Committee. By agreement, each agency has committed to the provision of detailed annual financial statements or reports.

Proposals

7. The Executive Committee at its Ninth Meeting decided to create a standing Sub-Committee on Financial Matters, composed of representatives from Canada, France, Malaysia and Venezuela.

Mandate for the Sub-Committee on Financial Matters

8. The Sub-Committee will review the existing financial arrangements and procedures. In the light of the operation of the Fund over the last two years and the experience gained, the Sub-Committee will assess the adequacy of these arrangements and procedures and recommend modifications, where appropriate.

9. In so doing, the Sub-Committee will pay particular attention to the need for

- (a) a uniform format for financial reporting by the implementing agencies and methodology of tracking financial transactions, on an ongoing basis;
- (b) modalities for the disbursement of funds to implementing agencies and the development of cash flow requirements;
- (c) independent financial and project audits, as appropriate.

10. The Sub-Committee will also address issues pertaining to the receipt of contributions to the Fund.

11. The Executive Committee may also charge the Sub-Committee with any other matter it deems appropriate.

12. The Sub-Committee shall consist of two Executive Committee members from Parties operating under paragraph 1 of Article 5 of the Protocol and two Committee members from Parties not so operating. The Treasurer and the Secretariat will assist the Sub-Committee in its work and participate in Sub-Committee meetings. Implementing agencies may be invited to participate. The Sub-Committee is empowered to require the attendance of any implementing agency on any financial matter causing concern to the Sub-Committee.

13. The Chair of the Sub-Committee will be determined by the membership and alternate among members from one meeting to the next.

14. The Sub-Committee on Financial Matters will be a standing committee. It will be appointed for a period of one year coinciding with the term of the Chair and Vice-Chair.

**ANNEX III****SUMMARY OF DECISIONS TAKEN  
AT THE NINTH MEETING OF THE  
EXECUTIVE COMMITTEE**

The Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol decided:

1. To create a standing Sub-Committee on Financial Matters composed of representatives of Canada, France, Malaysia and Venezuela and to adopt its terms of reference.
2. To establish a sub-committee under the chairmanship of Malaysia (Vice-Chairman of the Executive Committee) to consider the question of contributions in arrears.
3. To establish an informal working group to consider the operation of the financial mechanism since 1 January 1991 and the three-year plan and budget of the Multilateral Fund (1994-1996).
4. That all progress reports must be submitted at the proper time and should contain precise information on the reasons for any delays. It further decided to request the Secretariat to work with the implementing agencies to develop a standard format for communicating progress and the reasons for delays.
5. To discuss at its Tenth Meeting a status report on country programmes in light of the increasing tendency to approve projects separately rather than within the context of country programmes.
6. To circulate the information kit in all United Nations languages.
7. To approve the following work programmes and associated budgets:

UNDP	US \$4,217,958
UNEP	US \$2,288,900
UNIDO	US \$ 491,500
World Bank	US \$5,364,840
8. To approve the country programme for China.

9. To approve the following project proposals:

China (adjusted incremental costs for previously approved projects)	US \$ 1,275,000
Ecuador	US \$ 1,362,000
Philippines	US \$ 11,420,000

The total amount for work programmes and associated budgets and projects approved at the Ninth Meeting is US\$ 26,420,198.

10. To hold its Tenth Meeting in Montreal from 28 to 30 June 1993, preceded by a meeting of the sub-committee on contributions in arrears on 27 June 1993.