



**United Nations
Environment
Programme**



Distr.
GENERAL

UNEP/OzL.Pro/ExCom/12/37
31 March 1994

ORIGINAL: ENGLISH

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

Twelfth Meeting
Montreal, 28-31 March 1994

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

I. INTRODUCTION

1. The Twelfth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol was held in Montreal from 28 to 31 March 1994. The Meeting was convened in pursuance of decision IV/18 adopted at the Fourth Meeting of the Parties to the Montreal Protocol, held at Copenhagen from 23 to 25 November 1992 (UNEP/OzL.Pro/4/15), and decision V/9 adopted at the Fifth Meeting of the Parties to the Montreal Protocol, held at Bangkok from 17 to 19 November 1993 (UNEP/OzL.Pro/5/12).

II. ORGANIZATIONAL MATTERS

A. Opening of the Meeting

2. The Meeting was opened by Mr. Tan Meng Leng (Malaysia), Chairman of the Executive Committee, who welcomed participants, extending a special welcome to the new members of the Committee.

3. The Chairman said that the past three years had been challenging and the Committee had carried out ground-breaking work. It could now point to a concrete but modest achievement as over 300 tonnes of ODS had already been phased out in countries operating under paragraph 1 of Article 5. He pointed out the need to strengthen further the foundation work that had been carried out by past Executive Committees and to maintain the momentum that had been generated. He drew the attention of the members to the mandate given by the Parties: "to develop ... operational policies, ... including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund ..." established under Article 10 and to provide "financial and technical cooperation ... to Parties operating under paragraph 1 of Article 5...". He urged the members to strike a balance in their important tasks of policy formulation and project approval so as to enable early compliance by Article 5, paragraph 1 countries. The tradition of the Executive Committee had always been cooperation and compromise and it was a source of pride that during its existence it had never been necessary to take a vote. In addition, the Committee was particularly fortunate in being able to count on an efficient and dedicated Secretariat.

B. Attendance

4. The Meeting was attended by representatives of the following countries, members of the Executive Committee in accordance with decision V/9 adopted by the Parties at their Fifth Meeting:

- (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Australia, Denmark, France, Japan, Norway, Poland, and the United States of America;
- (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Algeria, Argentina, Brazil, Cameroon, India, Malaysia and Venezuela.

5. In accordance with the decisions taken by the Executive Committee at its Second and Eighth Meetings, 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.

6. Representatives of the Alliance for Responsible Atmospheric Policy, Commonwealth Science Council, Friends of the Earth, Greenpeace, Harvard University, State University of New York at Albany and the Université du Québec à Montréal also attended the Meeting as observers.

C. Adoption of the Agenda

7. 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:
 - (a) Promissory notes: Report from the Treasurer;
 - (b) Requests for bilateral contributions: Australia, United States of America;
 - (c) Uniform format for future financial reports.
 5. Implementing agencies:
 - (a) Progress reports:
 - Consolidated progress report;
 - UNDP progress report;
 - UNEP progress report;
 - UNIDO progress report;
 - World Bank progress report;
 - (b) Work programmes:
 - Consolidated work programme;
 - 1994 UNDP work programme;
 - 1994 UNEP work programme;
 - 1994 UNIDO work programme;
 - 1994 World Bank work programme.
 6. Country programmes:
 - (a) Colombia;
 - (b) Indonesia;
 - (c) Côte d'Ivoire;
 - (d) Malawi;
 - (e) Sri Lanka;
 - (f) Sudan.

7. Project proposals:
 - (a) China;
 - (b) Egypt;
 - (c) India;
 - (d) Jordan;
 - (e) Malaysia;
 - (f) Philippines;
 - (g) Thailand.
8. Review of project proposals.
9. Projects that might realize net incremental savings.
10. The use of contingency costs in project proposals.
11. Report on strategic options for retrofitting of mobile air conditioners and chillers.
12. The use of transitional substances as substitutes for ozone-depleting substances.
13. Draft terms of reference for the review under paragraph 8 of Article 5 of the Montreal Protocol.
14. Other matters.
15. Adoption of the report.
16. Date of the Thirteenth Meeting of the Executive Committee.
17. Closure of the meeting.

D. Organization of Work

8. The Chairman recalled that, at its Ninth Meeting, the Committee had decided to create a standing Sub-Committee on Financial Matters whose members would be appointed annually for a period coinciding with the terms of the Chair and vice-Chair. It was therefore the responsibility of the present meeting to appoint the members of the Sub-Committee for one year.

9. The Executive Committee appointed representatives of Australia, Cameroon, France and India to the Sub-Committee on Financial Matters. In accordance with the Sub-Committee's terms of reference, the Sub-Committee appointed its own Chairman and it elected Cameroon to the Chair. The Executive Committee referred the following matters to the Sub-Committee:

- arrears in contributions for prior years;
- uniform format for future financial reports of the implementing agencies;
- promissory notes;
- administrative support costs.

10. The Executive Committee decided to set up a project review sub-committee composed of representatives of Algeria (Chairman of Sub-Committee), Argentina, Australia, France, Malaysia and the United States of America to study policy issues identified by the Fund Secretariat in connection with project proposals as included in document UNEP/OzL.Pro/ExCom/12/Inf.3.

11. The Chairman drew attention to decision V/11 of the Fifth Meeting of the Parties, which called on the Executive Committee to prepare a report on the situation of parties operating under Article 5, paragraph 1, including the effective implementation of financial cooperation and the transfer of technology, in accordance with Article 5, paragraph 8.

12. The Executive Committee decided to establish a sub-committee to review the terms of reference as included in document UNEP/OzL.Pro/ExCom/12/35. The Committee appointed representatives of Australia (Chairman of Sub-Committee), Brazil, Denmark, India, United States of America and Venezuela to serve as members of the sub-committee.

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 Eleventh Meeting and introduced document UNEP/OzL.Pro/ExCom/12/2.

14. The Executive Committee took note with appreciation of the report on Secretariat activities and several representatives commended the Secretariat on the quality of the documentation submitted for the meeting.

(b) Contributions and fund disbursements

15. The representative of UNEP, speaking as Treasurer of the Fund, introduced document UNEP/OzL.Pro/ExCom/12/3/Rev.1 on contributions and fund disbursements. He pointed out that the figures given did not take into account Japan's contribution of over US \$6 million, which had left a reserve of US \$42 million. If the estimated cost of US \$57 million requested for work programmes and project proposals was approved by the Executive Committee, there would be a shortfall of US \$15 million. With encashment of promissory notes from France and

the United Kingdom, the shortfall would be covered. However, if the Committee decided to accept the Secretariat's recommendations, amounting to US \$25 million, a balance of US \$17 million would remain.

16. Two representatives requested more detailed explanations for the high level of administrative costs. One of the representatives asked the Secretariat to assess the situation and to prepare a document for the Thirteenth Meeting of the Committee containing proposals on how the currently high ratio of administrative costs could be reduced.

17. Some representatives asked for clarification regarding the amount in promissory notes which had already been encashed and one representative suggested that the Sub-Committee on Financial Matters review the situation.

18. In reply to a question on unpaid contributions, the Treasurer said that some countries were awaiting developments regarding promissory notes before settling their unpaid contributions. One representative, supported by two others, emphasized that it had been clearly understood at the Eleventh Meeting that promissory notes would only be used against future contributions and not to settle outstanding contributions.

19. The Executive Committee expressed great concern that a number of countries continued to be in arrears in payment of contributions, and requested a full report from the Treasurer to its Thirteenth Meeting on the follow-up to the recommendations made by the Sub-Committee on Contributions in Arrears adopted at the Tenth Meeting of the Executive Committee.

20. After hearing the report by the Sub-Committee on Financial Matters, the Executive Committee decided that arrears for 1993 and prior years should be paid in cash in accordance with the decision taken at the Eleventh Meeting of the Executive Committee on establishing promissory notes for payment of future contributions. However, in view of the difficulties experienced by countries with economies in transition in meeting their obligations, the Executive Committee decided to extend to them the facilities of payment of their arrears through promissory notes.

21. The Executive Committee took note with appreciation of the report on contributions and fund disbursements.

22. The updated report on contributions and disbursements reflecting funding approved by the Executive Committee at its Twelfth Meeting is attached as Annex I.

Agenda item 4: Financial matters

(a) Promissory notes: report from the Treasurer

23. The Treasurer introduced document UNEP/OzL.Pro/ExCom/12/4.

24. One representative, referring to paragraph 9, expressed the hope that it was not meant to preclude countries from making contributions partly in cash, partly in promissory notes, and partly by offsetting bilateral assistance. Regarding paragraph 12, he recalled that the World Bank had stated that it did not necessarily need cash in hand before moving forward on projects.

25. Another representative had been surprised to note that paragraph 6 mentioned five years as the implementation period, whereas in his experience it was generally eight to ten years. He asked why paragraph 8 stated that promissory notes should cover at least one year's contribution. Concerning paragraphs 8 and 10, he did not see the need to limit promissory notes to a single format and considered that approval by the United Nations Office of Legal Affairs would take far too long. Regarding the World Bank, he did not think there was any problem because the Fund could issue its own promissory notes for the Bank, or transfer to the Bank part of the notes it had received, after endorsement by the Treasurer. Finally, he expressed the view that promissory notes did not involve a complex procedure and there was no need for the additional personnel mentioned in paragraph 16.

26. One representative underlined the importance of maintaining equity between countries paying in cash or in promissory notes. The former should receive encouragement to continue paying in cash.

27. The representative of the World Bank explained that the Bank's agreement with the Executive Committee provided for promissory notes made out directly to it, but its Legal Department had stated that it could not accept promissory notes issued by UNEP. The necessary cash or promissory notes had to be in the Ozone Project Trust Fund before the Bank could enter into the legal obligation of signing a grant agreement.

28. After hearing the report by the Sub-Committee on Financial Matters, the Executive Committee agreed that, with respect to the difficulty faced by the World Bank vis-a-vis the promissory notes held in the Treasurer's name not constituting guaranteed resources, the Treasurer should establish procedures, in consultation with the World Bank, to permit the transfer of the notes he held, or parts thereon, on a pro-rata basis, to the World Bank for the amounts approved by the Executive Committee. The Bank would be responsible for determining the draw-down against those notes for its disbursements on a need-based approach and, in turn, would report to the Treasurer details of such encashments. The World Bank agreed to such a procedure.

29. With respect to the request of the Treasurer for additional staff to manage the new responsibilities, as referred to in paragraph 16 of document UNEP/OzL.Pro/ExCom/12/4, the Treasurer agreed to withdraw that request for 1994 and resubmit it, if necessary, at a later stage, in the light of experience and additional workload generated in the management of promissory notes.

30. In dealing with paragraph 9 of the same document, the Executive Committee requested the Treasurer to send letters to Parties not operating under Article 5, paragraph 1, asking them to provide an indication of the form of payment of contributions, including a schedule for such

payment, and urging upon them the need to pay at least 80 per cent of their 1994 contributions to the Fund before the next meeting of the Executive Committee and, similarly, for subsequent years, before the first meeting of the Executive Committee each year.

31. The Executive Committee agreed to adopt the proposed encashment schedule, attached as Annex II to this report, as an initial encashment schedule which could be modified later on the basis of experience gained.

(b) Requests for bilateral contributions

32. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/12/5 and UNEP/OzL.Pro/ExCom/12/5/Add.1.

33. One representative noted that the request from the United States of America, included in UNEP/OzL.Pro/ExCom/12/5, to offset US \$735,000 in bilateral assistance against its 1994 contribution to the Fund for the project halon 1211 recovery/recharge machines and training in China, exceeded the agreed threshold of US \$500,000 beyond which the Executive Committee required additional data from the implementing agency or Article 5 countries before approving such projects. Some representatives felt that it would be advisable to establish a rule that presentations of bilateral assistance projects that exceeded that threshold should comply with the format established for presentation of projects by implementing agencies. One representative said that no precise information was available on the expected cost-effectiveness of the recovery project, nor whether the Committee could be satisfied that the product obtained in this manner would satisfy the purity standards agreed by the Halons Technical Options Committee at its meeting in Bangkok. On the question of effectiveness, one representative wondered whether it was expected that adjustments might be made to the contributions by the United States to the Fund in the event that the amount of halon recovered did not meet the rather vague and imprecise estimate of annual savings of 200 tonnes ODP. In addition, one representative considered that the number of machines involved was excessive for a pilot project. Finally, as regards the Secretariat's recommendation that the Committee not fund the purchase of additional halon 1211 recycling/recovery machines in China until it had received the results of the report generated from the project, one representative stated that it must be recognized that China was a very large country and that there might be other, somewhat different, technologies that might usefully be tested on other projects.

34. The representative of the United States of America apologized for the fact that the presentation was not in the usual documentation format. However, it did, he felt, cover all points of substance that were required by the Executive Committee for consideration of projects exceeding US \$500,000. He assured the Committee that the machines being sent to China did ensure the agreed purity standards. On the question of the number of machines, the original request in consultations with China had been for the deployment of 250 machines, but that had been reduced to 127 after very careful consideration of the cost implications. That lower number was prudent and would demonstrate the viability of that network. Regarding the potential need to adjust the contribution in the event that the level of halon recovery did not meet

expectations, he stated that no adjustment in the United States contribution could be expected. As regards the Secretariat's recommendation, as he understood it, all the Secretariat was recommending was that no further requests for the deployment of halon 1211 machines in China should be considered until the report on this project was available. That did not preclude requests for the testing of other forms of technology in the interim.

35. The Executive Committee approved the request of the Government of the United States of America and agreed that, the Treasurer should credit the requested amount of US \$735,000 accordingly. It further agreed that, with the exception of possible additional testing equipment/demonstration projects, it would not fund the purchase of additional halon 1211 recycling and recovery machines in China until it had received the results of the report generated from the project, which would assess the needs for a halon recycling and recovery programme. Finally, it agreed that any future bilateral contribution projects that exceeded US \$500,000 should follow the same procedures as applied to projects submitted by the implementing agencies.

36. The Executive Committee approved the request of the Government of Australia, included in document UNEP/OzL.Pro/ExCom/12/5/Add.1, to credit US \$66,800 in bilateral assistance against its 1994 contribution to the Fund. The Government of Australia would provide experienced trainers, resource persons, course materials and would sponsor participants from Papua New Guinea and Fiji in the UNEP regional refrigeration training workshop scheduled to be held in Jakarta in April 1994. The Executive Committee requested the Treasurer to credit the amount of US \$66,800 accordingly.

(c) Uniform format for future financial reports

37. The Treasurer introduced document UNEP/OzL.Pro/ExCom/12/6.

38. After hearing the report of the Sub-Committee on Financial Matters, the Executive Committee accepted the present format contained in document UNEP/OzL.Pro/ExCom/12/6, with the following amendments:

- (a) under the definition of "expenditure", the term "obligation" was deleted; and
- (b) the definitions mentioned in Annex II to the document should cover, in addition, "administrative support costs" and "interest earned".

39. The amended uniform format is attached as Annex III to this report.

40. The Executive Committee agreed that the Sub-Committee would further review this format in the light of experience gained in its use.

41. With regard to administrative support costs, the Executive Committee requested the Secretariat to calculate the total administrative support costs charged to the Financial Mechanism

so far, based on a definition of admissible administrative support costs and an analysis of such costs as presently charged by each agency, including the Secretariat costs. Such an exercise should also focus on the need to evolve norms in this regard.

Agenda item 5: Implementing agencies

(a) Progress reports

- Consolidated progress report

42. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/12/7 and UNEP/OzL.Pro/ExCom/12/7/Add.1.

- UNDP progress report

43. The representative of UNDP introduced documents UNEP/OzL.Pro/ExCom/12/8 and UNEP/OzL.Pro/ExCom/12/8/Corr.1. He stated that UNDP's speed of project implementation continued to increase and that UNDP had disbursed 41.4 per cent of its total project allocations of US \$23.15 million. Four investment projects had been commissioned over the reporting period and had phased out 317 tonnes of CFCs. All had been completed long ahead of schedule as a result of UNDP's success in increasing the number of staff and experts working on projects and streamlining its project implementation process. A computerized database and project monitoring system had also been developed. Five regional workshop and demonstration programmes in the foams and halons sectors had been completed. Several project proposals had resulted both from the workshops and from technology assessment visits. UNDP was also seeking ways to increase implementing agency cooperation. He concluded by thanking the Fund Secretariat for its efficiency and hard work in the project review process that had resulted in higher project quality.

44. Several representatives commended the progress demonstrated by UNDP in its progress report, particularly since it was the first implementing agency to have phased out a significant quantity of ODS.

- UNEP progress report

45. The representative of UNEP introduced documents UNEP/OzL.Pro/ExCom/12/9 and UNEP/OzL.Pro/ExCom/12/9/Corr.1, highlighting the achievements, describing the feedback mechanism initiated for evaluation, and mentioning the lessons learned. She drew attention in particular to the successful completion of the technology catalogue on aerosols, completion of refrigeration training courses in Ghana and Kenya, the Regional Halon Workshop in Malaysia, and the Regional Training Course in Jordan. The establishment of the International Recycled Halon Bank and its operation during its first year had been major activities in 1993. Informal

round-table discussions, global surveys, the advisory group meeting and regional networking formed important elements of the feedback mechanism. While highlighting lessons learned, she emphasized that awareness raising was not a "once for all" process and that networking among ODS officers could be a very important tool in accelerating the implementation of phase-out.

- UNIDO progress report

46. The representative of UNIDO introduced documents UNEP/OzL.Pro/ExCom/12/10 and UNEP/OzL.Pro/ExCom/12/10/Corr.1, underlining some of the highlights of the 1993 operation and presenting an update on the progress in project implementation since the document had been drafted in February 1994. UNIDO had achieved considerable expansion of its programme in 1993, the first year of its effective operation under the Montreal Protocol, both in financial approval by the Executive Committee and the scope of its activities in Article 5 countries. The first investment project would be completed in mid-1994 with 197 MTS of ODS eliminated annually. The success of project formulation in 1993 had produced a sizeable investment project portfolio, with some US \$20-25 million, which would be presented to the Executive Committee in 1994.

- World Bank progress report

47. The representative of the World Bank introduced documents UNEP/OzL.Pro/ExCom/12/11 and UNEP/OzL.Pro/ExCom/12/11/Corr.1. While the Bank felt that there were successes to be reported and that the Executive Committee should have an opportunity to review them, it was still concerned about the rate of disbursement and the rate of implementation. The Bank was quite convinced that it was on the right track and deeply appreciated the help received over the past three years from the Committee in focusing its efforts on cost-effective phase-out. However, its expectations on disbursements had not been met, and it still saw deficiencies in its clients' incentive/disincentive structures. It intended to produce for the next Executive Committee meeting - or by September 1994 at the latest - an implementation performance report on the investment portfolio under the Bank, defining both successes and deficiencies. It also hoped that consideration might be given to holding a one-half day workshop at that meeting on how the Bank carried out its responsibilities.

48. One representative said he shared the concern expressed by the Bank concerning the tremendous gap between the investment projects approved and the amount of resources disbursed. He felt that consideration might usefully be given to the establishment of a sub-committee or other body to examine policy or other issues that might be impeding project implementation and to look at what happened to projects after Executive Committee approval, which steps to take before conversion work could actually be done and how much time such work might be expected to take, the role of the implementing agency versus that of the financial intermediary or executing agency and whether financial intermediaries were hindering or expediting the implementation of projects. He pointed out that the viability of the Fund's endeavours depended on effective project execution and expressed concern that that goal had yet

to be reached. Other representatives agreed that the Executive Committee had the obligation to understand the impediments to speedy implementation and felt that it should adopt some approach to helping the agencies to implement their work and to providing them with guidance in areas in which more precise reporting was desired, although they did not all agree with the idea of creating a separate sub-committee for such a task, taking the view that the issues concerned could be adequately dealt with by the Secretariat in coordination with the implementing agencies. Others supported the establishment of a sub-committee which could meet out of session to work towards a solution to the problems posed in conjunction with the implementing agencies and the Secretariat. They noted the offer made by the World Bank to produce a report on the modalities used in the implementation of its investment portfolio for consideration at the next meeting of the Executive Committee. That offer was broadly endorsed by the Committee, but those who favoured the establishment of a new sub-committee felt that to leave the matter until the next meeting could only lead to further delays.

49. In addition, a number of representatives also supported the Secretariat's appeal for a more uniform reporting procedure, and several representatives adduced the need for the Executive Committee to strengthen the Secretariat in its relations with the implementing agencies. The need was also expressed for fuller, more complete reports which dealt with substance as well as with figures.

50. The representative of the World Bank said that, as far as the Bank was concerned, it was mandatory for it to improve its understanding as to how it could fulfil its obligations to the Fund. The offer of a report depended to some extent on the date of the next meeting of the Executive Committee because the Bank wished to prepare a thorough review of the implementation issues, and if the submission date fell within the following six weeks or so, the report would be less comprehensive than might be wished. The report would look at difficulties faced by the Bank and by its clients, sifting out generic issues to be brought to the attention of the Committee in an attempt to explain any delays, project by project, and also to bring to the fore issues of guidance and policy which might clarify implementation arrangements. He also said the Bank very much appreciated the proposal to standardize project reports since the more precise the guidance provided by the Committee, the better the Bank would be able to perform. The representatives of UNDP and UNIDO also offered to prepare reports on their agencies' modes of operation, while the representative of UNEP explained that, owing to the nature of her organization's work, it would not be appropriate for it to draft such a report, but offered to make a presentation on UNEP's modes of operation for institutional strengthening projects.

51. On the basis of the discussion outlined above, it was agreed to accept the World Bank's offer to provide a report on the implementation of its clients' projects, to be presented at a briefing session just prior to the Thirteenth Meeting of the Executive Committee. At that briefing, the mode of operation of UNDP and UNIDO would also be considered.

52. It was further agreed that there was need to monitor more closely the progress made by the implementing agencies, that greater uniformity and clarity in the reports should be promoted and that the information contained in them should reflect greater accountability to the

Parties. In order to ensure that those goals were met, the Secretariat was to be given greater authority in instructing the agencies on the preparation of the reports.

53. Finally, the representative of Norway was asked to prepare a paper for the next session on ways of strengthening the Secretariat.

(b) Work programmes

- Consolidated work programme

54. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/12. He drew attention to its salient points, and to its two Annexes, respectively listing projects below and above US \$500,000.

55. The Chairman suggested that, rather than making comments on the Consolidated Work Programme, members might prefer to wait and comment on the work programmes of the individual implementing agencies.

- 1994 UNDP work programme

56. The representative of UNDP introduced documents UNEP/OzL.Pro/ExCom/12/13 and UNEP/OzL.Pro/ExCom/12/13/Corr.1.

57. Several representatives expressed concerns about projects 4, 7, 8, 12, 16, 20, and 22 as listed in document UNEP/OzL.Pro/ExCom/12/13 and suggested that they be referred to the sessional sub-committee on project review.

58. After accepting the recommendations made by the sub-committee on project review, the Executive Committee approved the following 1994 UNDP Work Programme for a total amount of US \$7,023,350 including US \$808,000 as support costs for UNDP:

<u>Country</u>	<u>Project</u>	<u>Approved amount US \$</u>
Brazil	Conversion to CFC-free technology in the manufacture of sprayed rigid polyurethane foam (three enterprises)	370,000
China	Survey of production and consumption of methyl bromide in China	87,000
	Acquisition of local air compressors for halon recycling machines	155,000

<u>Country</u>	<u>Project</u>	<u>Approved amount US \$</u>
	Cleaning applications deployment centre for replication of ODS-free processes across China ¹	489,400
Colombia	Project preparation assistance	100,000
Egypt	Technical assistance to prepare a National Halons Action Plan and project development	25,000
Ghana	Umbrella project for continuation of CFC-free technology in the manufacture of flexible polyurethane foam ²	345,000
India	Phase-out of the use of CFCs in the manufacture of rigid PUF for thermoware in Eagle Flask Industries Ltd.	365,000
	Phase-out of the use of CFCs in the manufacture of extruded polyethylene foam sheet at Camphor & Allied's Products Ltd.	280,000
	Phase-out of the use of CFCs in the manufacture of rigid PUF panels at Sunpra Ltd.	414,000
	Project preparation assistance	100,000
Malaysia	Elimination of the use of CFC-113 in the integrated circuit (IC) lead frame cleaning process at San Matech Sdn Bhd	141,100

¹ Approval was given provided that China agreed not to include the cost of applications testing in future solvent projects.

² The project includes some retroactive components. The principle that should be applied is that the financial components for a retroactively financed project should be calculated on the same basis as those for a project about to be initiated.

<u>Country</u>	<u>Project</u>	<u>Approved amount US \$</u>
	Elimination of CFCs in the manufacture of the polyurethane insulated panel at Cycle World Sdn Bhd	353,000
	Elimination of CFC-11 in the manufacture of integral skin, spoiler and moulded flexible foam at P.U. Tech Sdn Bhd	198,000
	Elimination of CFC-11 in the manufacture of flexible polyurethane foam (slabstock) at Pexafoam Sdn Bhd ³	195,000
	Elimination of CFC-12 in the manufacture of extruded polystyrene and polyethylene foam sheet at Pulai Lami Pak Sdn Bhd	355,000
	Elimination of CFCs in the manufacture of integral skin polyurethane foam at P.U. Mate Sdn Bhd	113,000
	Elimination of CFC-11 in the manufacture of flexible polyurethane foam (slabstock) at N.Y.L. Sdn Bhd	130,000
	Safety and technical programme to aid manufacturers of aerosol products ⁴	145,700
	Project preparation assistance	100,000
Mauritius	Aerosol conversion project at Compagnie manufacturière de produits cosmétiques Ltée (COMANU) ⁵	62,150
	Project preparation assistance	25,000

³ Approval was given on the understanding that safety issues related to the utilization of methylene chloride were carefully addressed.

⁴ Since there are possible benefits from the conversion to hydrocarbons, approval of the investment component was deferred until the audits provided justification.

⁵ Incentive payment to the enterprise is recommended, covering 50 per cent of project cost requested.

<u>Country</u>	<u>Project</u>	<u>Approved amount US \$</u>
Philippines	Phase-out of the use of CFCs in the manufacture of rigid PUF for thermoware at Nikon Industrial Corporation	315,000
Thailand	Elimination of CFC-12 and CFC-114 at MIC-CELL Co. Ltd.	339,500
	Elimination of the use of CFCs in the manufacture of laminated rigid polyurethane foam insulation panels at Henger M.F.R. Co., Ltd.	257,500
	Elimination of the use of CFCs in the manufacture of extruded polystyrene foam sheet in Thailand	455,000
Uruguay	Technical assistance for the Conservation and Demonstration Programme for Domestic and Commercial Refrigeration, and installation of equipment for recovery/recycling of CFC-12	175,000
Venezuela	Pilot programme in recovery and recycling of CFC-12 in mobile air conditioning ⁶	(13,400)
Vietnam	Project preparation assistance	100,000
Global	Safety pre-assessment and post-assessment of foam and solvent sector projects implemented by UNDP	25,000
Sub-total		6,215,350
	13 per cent project support costs	808,000
Total		7,023,350

⁶ This project constitutes a request for the transfer of funds from another project previously approved by the Executive Committee.

59. The Executive Committee decided to defer a decision on the Kein Hing Solvent Project in Malaysia.

60. It further requested the Secretariat to consult with the implementing agencies to produce a paper which would help the Executive Committee to consider the possible future use of reasonable cost effectiveness ranges on a sub-sector by sub-sector basis with a view to ensuring the most expeditious, effective and efficient possible utilization of funds to address the ozone depletion problem.

61. With regard to the projects in India for the phase-out of CFCs in the manufacture of rigid PUF for thermoware and panels, the Executive Committee decided to approve these projects as recommended by the Secretariat, but it also decided not to consider this approval as constituting a precedent.

62. The Committee further decided for future projects for all recipient countries to disallow the use of growth projections in determining operational costs and benefits either positive or negative. It further recommended that national pricing be used, except where it was higher than 20 per cent from the regional border price.

- 1994 UNEP work programme

63. The representative of UNEP introduced documents UNEP/OzL.Pro/ExCom/12/14 and UNEP/OzL.Pro/ExCom/12/14/Corr.1.

64. The representative of UNEP drew attention to paragraph 7 of document UNEP/OzL.Pro/ExCom/12/14/Corr.1, in which the Secretariat had listed the activities "that might need reconsideration or adjustment" and explained the objectives of those activities and how the cost figures for them had been calculated. She explained that there had been no double accounting for travel as it had been split into two parts: attendance at meetings, and participation in outreach activities. The figures for information collection and dissemination covered manpower, phone and fax, mailing and printing costs. Thirdly, while UNEP had not carried out any case studies in 1993 as no case study was available on implementation of projects approved by the Executive Committee, it was now proposing to carry them out in seven countries, financed from the US \$65,000 which had been approved for 1993, and the US \$100,000 which UNEP was requesting for 1994.

65. The Regional Data Collection Systems Workshop for Africa had been requested by 35 African countries. With regard to the workshop on management of a national ODS phase-out information clearing-house, which the Secretariat felt was already being financed by UNDP, it was UNEP's understanding that UNDP was financing the actual creation of the clearing-house itself, while UNEP's proposed workshop was on the guidelines for its operation for which resources had not yet been approved.

66. In connection with networking activities in Latin America and Africa, a paper had been prepared and circulated at the Eleventh Meeting of the Executive Committee for comments on assessment criteria for such activities. There was no proposal nor provision for an assessment workshop in the Latin American network. The total cost of three years of networking in South-East Asia amounted to only US \$0.034 per kilogram of ODS phased-out, and the comparable costs for Latin America and Africa would be even lower. Networking had led to accelerated implementation of phase-out in the South-East Asian region.

67. While the Secretariat wished meetings with consultants to be delayed until the terms of reference had been clarified, the representative of UNEP recalled that the most recent Advisory Group session had felt it highly desirable that such meetings should take place, in order for all parties to have access to the same information.

68. The Chairman drew attention to UNEP/OzL.Pro/ExCom/12/14/Corr.1, and asked representatives to frame their remarks with reference to the recommendations of the Secretariat contained in paragraph 8.

69. The representative of Brazil said that as Brazil was beginning to benefit from UNEP's potential for disseminating information he supported approval of the resources which UNEP had requested.

70. One representative supported the Secretariat's recommendations, although he felt that some of the figures proposed in the UNEP Work Programme were excessively high and that some of them should be counted as overhead, despite the lack of a consistent definition of what constituted overhead. He also considered that it would be imprudent to approve resources for case studies and networking before any such projects previously approved had even been started, and that UNEP was not keeping pace with the expectations it had established. He stated that it was expected that sectoral data costs would decrease, but they were in fact increasing. Finally, he expressed the view that the OAIC on-line system was not effective, and should be abandoned.

71. Another representative said that, while he would not be able to approve the sums requested by UNEP, he felt that the Secretariat's counter-proposal was too low. Supported by another representative, he suggested that approval of the UNEP Work Programme as a whole be deferred until the next meeting of the Executive Committee, by which time UNEP would have had time to answer the objections raised by members of the Committee and the Secretariat.

72. One representative stressed the importance of disseminating information to the Parties which needed it, and noted that such an operation was costly. He said that his country was now ready to use the on-line system and urged that it not be abandoned. Finally, he could not agree to a reduction of around 50 per cent in UNEP's budget, which would seriously erode the agency's planned activities.

73. Another representative said that the network proposed by UNEP would be useful for coordination and consultation among African countries. Supported by another representative,

he also recalled that 35 African countries had recommended that the Data Collection Systems Workshop be held, as a means towards obtaining reliable figures on levels of ODS.

74. One representative agreed with many of the Secretariat's reservations about the UNEP Work Programme, and thought that some of the proposed activities should be re-examined.

75. Another representative pointed out that the portion of Fund resources accounted for by UNEP activities was very small. While it was difficult to assess the cost-effectiveness of UNEP's kind of activity, he urged the Executive Committee to give UNEP the benefit of the doubt and to approve the Work Programme more or less as submitted.

76. A representative supported the objectives of UNEP's proposals, but was aware of financial problems in their implementation. He suggested that the projects not in dispute should be approved, and that UNEP and the Secretariat should work together to resolve the remainder, upon which a decision could be made at the next meeting.

77. The Chief Officer recalled that when the Data Collection Systems Workshop had been called for, country programmes had been in place for only two African countries. With country programmes now in place, he questioned the eligibility of the activity.

78. The Chairman said that the meeting evidently felt that the UNEP Work Programme should be approved in part, but there was still uncertainty as to which portions should be approved and which rejected.

79. He proposed that the Vice-Chairman of the Executive Committee, together with the representatives of Brazil, Cameroon and Norway, should study the problem and attempt to reach a compromise for presentation to the Executive Committee. The representative of the United States of America expressed a desire to participate in the consultations.

80. On the recommendation of the above-mentioned sub-committee, the Executive Committee approved the following 1994 UNEP Work Programme for an amount of US \$2,877,140, including US \$331,000 as support costs for UNEP:

	<u>Approved amount US \$</u>
1. <u>Information exchange</u>	
Sectoral data collection	215,000
Maintain query-response service	60,000
Publish/disseminate <i>OzonAction</i> newsletter and special supplements	150,000

	<u>Approved Amount US \$</u>
Continue to update and upload on-line and diskette versions	100,000
Outreach of conferences/workshops	50,000
Information dissemination	380,000
Quality review of technology catalogues	50,000
Prepare information papers/fact sheets	60,000
Translate technical brochures	40,000
2. <u>Training</u>	
Follow-up of earlier training activities	50,000
Workshop for SMEs	80,000
3. <u>Networking</u>	
ODSONET/LA	224,000
ODSONET/AF	180,000
4. <u>Country programmes of:</u> Bahrain, Central African Republic, Jamaica, Lebanon, Malta, Myanmar, Samoa, St. Kitts and Nevis, and Swaziland	400,000
5. <u>International halon bank management information clearinghouse</u>	
Continue information collection & dissemination	50,000
Prepare halon bank management case study logbook	40,000
Translate <i>Halon Management: Banking for the Future</i> (information kit)	10,000

	<u>Approved Amount US \$</u>
6. <u>Advisory and expert group meetings</u>	
Informal Advisory Group Meeting (IAG)	50,000
Ad hoc Group Meetings	80,000
Meeting of the Consultants	70,000
7. Travel	100,000
8. <u>Institutional Strengthening:</u>	
Fiji	65,890
Maldives	41,250

81. The Executive Committee decided that the networking activities would be for a three-year period. However, the amounts of US \$224,000 for ODSOINET/LA and US \$180,000 for ODSOINET/AF would apply to 1994 only. It approved the cost of the meeting of consultants (US \$70,000) on the understanding that UNEP and the Fund Secretariat would collaborate in preparing the terms of reference for the meeting and the modalities for expanding its scope. Regarding the activity "continue and improve sectoral data collection" (US \$215,000), UNEP was requested to provide details of the cost of the activity in future work programmes, addressing in particular the effectiveness of the on-line information exchange service.

82. The Executive Committee decided to defer the Regional Data Collection Systems Workshop for Africa pending submission by the Secretariat to the Thirteenth Meeting of the Executive Committee of a paper dealing with the scope of activities under the institutional strengthening projects and country programme preparation and how they related to data collection.

- 1994 UNIDO work programme

83. The representative of UNIDO introduced documents UNEP/OzL.Pro/ExCom/12/15 and UNEP/OzL.Pro/ExCom/12/15/Corr.1.

84. The representative of France said that his country had made a study on the impact of regulating methyl bromide on countries operating under Article 5, paragraph 1, and would make it available to the Secretariat and to UNEP.

85. The Executive Committee approved the following 1994 UNIDO Work Programme for a total of US \$197,750, including US \$22,750 support costs for UNIDO:

- Project preparation for Algeria	US \$ 50,000
- Sectoral strategy for Pakistan in refrigeration	US \$ 50,000
- Country programme assistance to UNEP	US \$ 75,000
- Support Costs	<u>US \$ 22,750</u>
Recommended funding level	US \$ 197,750

- 1994 World Bank Work Programme

86. The representative of the World Bank introduced document UNEP/OzL.Pro/ExCom/12/16.

87. One representative noted with concern that the World Bank had not fulfilled the assurances it had given at the Eleventh Meeting that it would put forward a large number of projects in 1994 and emphasized that the assurances given by the Bank had played a significant part in the agreement by the Parties to the budget of US \$510,000,000 for 1994-1996. He also stated that he did not believe that the current track record of the World Bank supported its streamlining proposal.

88. Two representatives sought further clarification from the World Bank on how the supplemental streamlining proposal and umbrella agreements would work.

89. The representative of the World Bank elaborated on the proposal for streamlining project approval and implementation, noting that the purpose of umbrella agreements was to expedite the financing process. Regarding Executive Committee concerns about cost-effectiveness, umbrella agreements could incorporate cost-effective boundaries for projects below US \$500,000. Typically, an umbrella agreement would be drafted as soon as a country programme had been prepared; it could be for a period of two to three years, cover activities above and below the amount of US \$500,000, and encompass an implementation strategy for investment in priority areas identified by the country programme. The agreement could be submitted to the Executive Committee for review in order to ensure that the Executive Committee's criteria were met. Finally, the Bank would report to each Executive Committee meeting.

90. One representative considered that the ex post facto review proposed by the Bank would facilitate phasing-out of ODS.

91. In response to a comment by one representative that the addition of a pre-review stage would lengthen the project preparation process, the representative of the World Bank said that the stage had been introduced to meet the wishes of its clients and it had improved the quality of projects submitted to the Bank.

92. One representative noted that the Bank was only working with a limited number of countries operating under Article 5, paragraph 1, of which only one was from sub-Saharan Africa, and he sought assurance from the Bank that its work would not be confined to large countries which had signed umbrella agreements.

93. The Executive Committee approved the following 1994 World Bank Work Programme for a total amount of US \$2,743,000:

Project preparation	US \$4,467,000
Project supervision	US \$ 350,000
Country programme preparation	US \$ 344,000
Administrative, legal and financial costs	US \$1,119,000
OORG	<u>US \$ 300,000</u>
 Total request	 US \$6,580,000
 Minus residual	 US \$2,100,000
Minus 1993 interest income	<u>US \$1,737,000</u>
 Cash requirement	 US \$2,743,000

Agenda item 6: Country programmes

94. The representative of Argentina presented a brief overview of the country programme for Argentina, which would be submitted formally to the Executive Committee very shortly. It aimed at reducing and completely phasing out ODS, while keeping in mind the economic implications. It comprised a number of activities to be coordinated between Government departments and the industrial sector, and would cover conception, production, import and export of those substances. Based on the 6,000 tonnes of consumption registered in 1992, it projected a 20 per cent reduction as of 1 January 1997, 90 per cent by 1 January 2000, and total phase-out by the year 2004.

95. The representative of Brazil presented an outline of how his Government was proceeding in the elaboration of its country programme.

(a) Colombia

96. The representative of Colombia introduced the country programme of Colombia (UNEP/OzL.Pro/ExCom/12/17), describing the methodology used by Colombia in its preparation, summarizing briefly the most important elements of the programme, identifying by sector the principal ODS users and the tendency of their use, and outlining the accelerated phase-out schedule planned by the Government. He noted that certain sectors had grown significantly

since the figures had been prepared in 1992, as a result of which some estimates of consumption were unduly low.

97. The Executive Committee approved the country programme of Colombia, however, this did not denote approval of the projects listed therein or their funding levels. It also approved the amount of US \$317,790 and US \$41,313 support costs for the institutional strengthening programme to be included in the 1994 UNDP Work Programme.

(b) Indonesia

98. The representative of UNDP introduced the country programme of Indonesia (UNEP/OzL.Pro/ExCom/12/18) and informed the Committee that the rapid ODS phase-out date of 1997 would imply a fairly heavy demand on Fund resources.

99. The Executive Committee approved the country programme of Indonesia, however, this did not denote approval of the projects listed therein or their funding levels.

(c) Côte d'Ivoire

100. The Executive Committee approved the country programme of Côte d'Ivoire, however, this did not denote approval of the projects identified therein or their funding levels. Permission was granted to proceed with the establishment of the Ozone Secretariat of Côte d'Ivoire while UNEP worked with the Government in determining how the recent change in the parity of the CFA franc would affect the amounts contained in the original proposal. It would propose revised figures to the Executive Committee at its Thirteenth Meeting for inclusion, as an amendment, in the Work Programme of UNEP for 1994. UNEP was also requested to cooperate with the Government of Côte d'Ivoire in redesigning the project "Training of technicians in the various sectors using ODS" for resubmission to the Executive Committee. It was decided to deny approval of funding for the projects in (a) training of customs officers and (b) awareness and information of those working in refrigeration.

(d) Malawi

101. The Executive Committee approved the country programme of Malawi (UNEP/OzL.Pro/ExCom/12/20), however this did not denote approval of the projects listed therein or their funding levels. It also approved the amounts of US \$77,000 and US \$10,010 support costs for institutional strengthening in Malawi to be included in the 1994 UNEP Work Programme. It requested UNEP to cooperate with the Government of Malawi to identify an appropriate implementing agency or agencies for the preparation of the identified projects in the country programme.

(e) Sri Lanka

102. The Executive Committee approved the country programme of Sri Lanka (UNEP/OzL.Pro/ExCom/12/21), however this did not denote approval of the projects listed therein or their funding levels. It also approved the amounts of US \$154,680 and US \$20,110 support costs for institutional strengthening in Sri Lanka to be included in the 1994 UNDP Work Programme.

(f) Sudan

103. The Executive Committee approved the country programme of Sudan (UNEP/OzL.Pro/ExCom/12/22), however this did not denote approval of the projects listed therein or their funding levels. It also approved the amounts of US \$168,300 and US \$21,880 support costs for institutional strengthening in Sudan to be included in the 1994 UNEP Work Programme. It requested UNEP to cooperate with the Government of Sudan to identify appropriate implementing agencies to assist the Government to prepare project proposals for the projects identified.

Agenda item 7: Project proposals

104. The Executive Committee accepted the recommendations made by the project review sub-committee and took the following action:

(a) China

105. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/12/23 and UNEP/OzL.Pro/ExCom/12/23/Add.1.

Zhangshan aerosols

106. Zhangshan Fine Chemical Aerosol Project:

Based on the remarks provided by the Government of China in document UNEP/OzL.Pro/ExCom/12/23/Add.1 and on the ensuing discussion, the Executive Committee requested the World Bank to re-submit a revised proposal for future consideration.

Solvents

107. ODS-Free Cleaning Equipment Manufacturing Centre:

The Executive Committee approved the amount of US \$524,734 and US \$68,215 as support costs to UNDP as the implementing agency of the project provided further project proposals requesting cleaning equipment in the solvent sector in China would be considered within the context of this project.

Production of substitutes

108. CFC-12 to HCFC-22 Plant Conversion at Shanghai Chlore-Alkali Chemical Co.

The Executive Committee gave the World Bank permission to proceed on the understanding that the following recommendations by the Fund Secretariat would be addressed:

- (a) to indicate to the Government of China that conversion of CFC-12 to HCFC-22 was a legitimate activity under the Multilateral Fund; however, given the special nature and size of the chemical production sector in China, the Executive Committee would request the implementing agencies to work with the Government of China to elaborate an integral strategy for a phase-out in the ODS production sector in China.
- (b) to establish a general policy guideline and a credible methodology for calculating costs in production projects before the project is presented to the Executive Committee for final approval.

109. The Executive Committee requested the Secretariat to convene a group composed of experts on process engineering related to the production of ODS substitutes and financial experts to consider issues associated with the calculation of incremental costs in the production of ODS substitutes. The Secretariat would request the participation of the representatives of implementing agencies and experts from developed and developing countries as deemed appropriate. The group would strive where possible to identify specific areas that should be considered by the Executive Committee before approving production projects and to recommend potential solutions that could usefully inform the Executive Committee's consideration.

Domestic Refrigeration Projects

- (i) Conversion to HFC-134a rotary compressor designs at Shanghai Refrigerator Compressor Co. Ltd.

- (ii) Conversion to HFC-134a refrigerant with rotary compressors at Shanghai Shangling General Refrigerator Factory;
- (iii) Conversion to HFC-134a refrigerant with Tecumseh designed HFC-134a compressors at Hua Yi Electrical Appliance General Co.;
- (iv) Conversion to a ternary blend refrigerant (MP-39) using conventional compressors at Shanghai Shanglu Electrical Appliances Co. Ltd.;
- (v) Conversion to Use of HFC-152a refrigerant using conventional compressors at Wanbao Electric Appliance Industrial Corp.;
- (vi) Conversion to HFC-152a/HCFC-22 blended refrigerant in conventional compressors at Chang Ling (Group) Co. Ltd.;

110. The Executive Committee gave the World Bank permission to proceed on the projects listed in sub-paragraphs (i) to (vi) above on the understanding that the following recommendations by the Fund Secretariat would be addressed:

- (a) the projects would form the basis of a sectoral strategy to phase out CFCs in some 86 related enterprises/lines in China. The strategy should include phase-out of CFCs in insulating foam.
- (b) testing of appliances must be rationalized. Either the testing equipment requested in those projects should be used for other enterprises or centralized centres should be established within four to five existing R&D institutes.
- (c) incremental operating costs of the six projects should be accurately estimated.

111. The observers for Greenpeace International, Friends of the Earth International and the Centre for Science and Environment in India made a joint statement reminding the Committee of the objection they had expressed in Bangkok to projects involving funding for increased production and use of HCFCs and HFCs. They pointed out that the Bangkok Declaration signed by 17 countries recognized that reductions of HCFCs would be beneficial to the ozone layer and that environmentally-sound alternatives already existed or were being developed which reflected a commitment to phasing out consumption at least 15 years before the date required in the Montreal Protocol. They noted that in the document on the use of transitional substances submitted to the current Meeting, it was recommended that consideration of the use of HCFCs in Multilateral Fund projects should be sector-specific and approved for use only in areas where no environment-friendly alternatives were available.

(b) Egypt

112. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/24.

113. The Executive Committee approved the following projects to be implemented by UNDP and the funds indicated:

	<u>Approved Amount US \$</u>
Conversion to CFC-free technology in the manufacturing of rigid and moulded and miscellaneous PUF (five enterprises)	870,000
Conversion to CFC-free technology in the manufacturing of flexible slabstock polyurethane foams	525,000
Conversion to CFC free technology in the commercial refrigeration sector (five enterprises), provided that the cost of refrigeration-related equipment is verified by UNDP in consultation with the Secretariat	2,100,000
Plus 13 per cent support costs to UNDP as the implementing agency	454,350

114. The Executive Committee decided to give UNIDO permission to proceed on the following projects pending the revision of capital and operational costs and their re-submission to the Thirteenth Executive Committee meeting:

- Investment project for phasing out ODS, Delta Industrial Co.
- Investment project for phasing out CFCs, Electrostar Refrigeration Co.
- Investment project for phasing out ODS, Kiriazi Refrigerators Manufacturing Co.

A one time request for operational costs should be submitted for consideration by the Executive Committee.

(c) India

115. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/25.

116. The Executive Committee approved the following projects and the funds indicated:

	<u>Approved Amount US \$</u>
117. (a) Conversion of CFC-polyol system to low/non-ODS formulations (Manali Petrochemical) to be implemented by the World Bank	481,000
(b) Conversion of CFC-polyol system to low/non-ODS formulations (UB Petroproducts Ltd.) to be implemented by the World Bank	385,684

Testing equipment provided for in the projects in sub-paragraphs (a) and (b) should serve the foam producers. Future requests for testing in the foam sector should be carefully examined, taking into consideration testing equipment already approved under these two projects.

118. Conversion of compressor designs for refrigerators and appliances from CFC-12 to HFC-134a, to be implemented by the World Bank.	547,900
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The Executive Committee did not approve customer training at a cost of US \$140,000.

119. Conversion of electronic cleaning process from ODS solvents to wet-media blasting and aqueous cleaning ITI-Mankapur

The Executive Committee gave UNIDO permission to proceed, but deferred a final decision until UNIDO had prepared a more detailed document comprising comments from the technical review.

120. ODS phase-out in sterilization and siliconization of disposable syringes and needles (Hindustan Syringes Ltd.).

The Executive Committee gave the World Bank permission to proceed, but deferred its final decision contingent upon the provision of details on the existing base line, revision of operating costs and justification of a transitional period of four years.

121. Syringe and hypodermic needle manufacture using CFC-113/silicon replacement project (Albert David Ltd.).

The Committee decided to defer a decision on the above project submitted by the World Bank pending new carrier fluid technology currently under development, which is substantially more cost effective.

The representative of India expressed the hope that the enterprise would be able to import CFC-113 as before.

122. (a) ABC-DCP Manufacturing facility (Real Value Appliances Limited)
- (b) Conversion from halon 1211 to ABC-DCP in portable extinguisher manufacturing (Real Value Appliances Limited)

The Executive Committee decided that the projects in subparagraphs (a) and (b) submitted by the World Bank were ineligible for funding, according to the Indicative List of Categories of Incremental Costs. The first project might become eligible if an equivalent halon production capacity was shut down. The second project might become eligible if, when compared with imports, it was more cost effective.

The representative of India observed that precedents in halon and aerosol sectors would support approval of the first project. Moreover, it would encourage halon producers in India to look for alternatives. The eligibility and cost effectiveness of both the proposals were adequately addressed in a letter to the implementing agency and the Fund Secretariat. The Government of India strongly supported both projects.

One representative observed that India could submit a revised project that met the criteria established in the decision of the Committee.

123. Modification of CFC-12 mobile air conditioning and manufacturing for HFC-134a

The Executive Committee deferred a decision on the World Bank's request for costs for contingencies and financial intermediaries pending completion of final project appraisal.

- (d) Jordan

124. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/26.

125. Investment project for phasing out ODS at:

- (a) Household Appliances Manufacturing Co.;
- (b) Middle East Electrical Industries Co. Ltd.;
- (c) National Refrigeration Co.

The Executive Committee gave UNIDO permission to proceed. A one-time request for operational costs should be submitted for consideration by the Executive Committee.

126. The representative of UNIDO said that the submission had been sent in before the 11 February deadline. UNIDO had been in close consultation with the Secretariat, responding to questions and comments. UNIDO found that this mechanism was very helpful, although

sometimes a little bit of a hassle because of the time pressure on the two sides; nevertheless, it wished to take the opportunity to express its thanks to the Secretariat for the excellent cooperation and the advice given.

127. UNIDO had already agreed to the Secretariat's recommendation on permission to proceed for the projects listed in paragraphs 114, 119, and 125 for projects submitted on behalf of Egypt, India and Jordan respectively.

128. UNIDO would continue working with those countries in accordance with the following:

- (a) the cost should be brought down to a reasonable and agreeable level;
- (b) cost reduction should not adversely affect the integrity of projects, particularly the safety aspects involved.

Following which, UNIDO could request the Executive Committee for an out-of-session approval of the projects so that momentum was not lost.

(e) Malaysia

129. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/27.

130. The Executive Committee approved the following projects to be implemented by UNDP and the funds indicated:

	<u>Approved amount US \$</u>
Phase-out of the use of CFCs in the manufacture of flexible polyurethane foam (slabstock) at small-scale producers	1,045,000
The Executive Committee requested UNDP to report to the Committee on any savings resulting from the project.	
Elimination of the use of 111 TCA in the automobile bumper cleaning process at Perusahaan Otomobil Nasional Bhd (Proton)	700,439
Elimination of CFC-11 and CFC-12 in the manufacture of home refrigerators at Sharp-Roxy project	962,000
Plus 13 per cent support costs to UNDP as the implementing agency	351,967

(f) Philippines

131. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/28.

132. The Executive Committee approved the following projects to be implemented by UNDP and the funds indicated:

	<u>Approved amount US \$</u>
Elimination of the residual use of CFCs in the manufacture of extruded polystyrene foam sheet	505,000
Technical assistance programme for the elimination of CFC use at small manufacturers of flexible foam	745,000
Plus 13 per cent support costs to UNDP as the implementing agency	162,500

The Executive Committee recommended that the technical reviewers' suggestions should be considered during the project implementation. It also requested UNDP to report to the Committee on the calculation of full project economies.

(g) Thailand

133. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/29.

134. The Executive Committee approved the following project to be implemented by UNDP and the funds indicated:

	<u>Approved amount US \$</u>
Elimination of the use of CFCs in the manufacture of laminated rigid polyurethane foam insulation panels (Modular Compound Co.)	508,000
Plus 13 per cent support costs to UNDP as the implementing agency	66,040

135. As far as domestic refrigerator manufacturing was concerned, the Executive Committee requested the Fund Secretariat to prepare an overview paper showing the impact on the Fund of various operational cost durations in the domestic refrigerator sector.

Agenda item 8: Review of Project Proposals

136. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/30, and explained that it had been drafted to address the issues regarding the technical review of projects, which had been raised by certain members.

137. One representative suggested that the reference in paragraph 22 of the document to "paragraphs 17-19" should be extended to cover paragraph 15 also. Another representative expressed gratitude to the Secretariat for its work in producing the document. Its paragraph 22 (b) was a necessary precondition for the establishment of an independent technology advisory group to review methodologies for determining incremental costs in the production sector.

138. One representative observed that the format for technical review might not be wholly suitable for projects other than investment projects. He further asked whether it was correct that the independent technology advisory group was not actually going to be reviewing projects themselves, and expressed concern that its terms of reference might overlap with those of UNEP's Technical Options Committee.

139. The Chief Officer confirmed that the independent technology advisory group was not intended to review projects, and explained that its mandate would be different from that of the Technical Options Committee. Its purpose would be to deal with specific technical issues that were contentious or difficult to resolve.

140. The representative of UNIDO felt that the provision in paragraph 17 (a) that the reviewers should "have technical experience in developing countries" was too restrictive, and that there should be a provision in paragraph 17 (f) for the implementing agency to state its reasons in the event that it did not accept the reviewer's opinion.

141. Following a discussion in which several representatives took part on the indicative lists mentioned in sub-paragraphs 18 (b) and (c), the Executive Committee agreed that the Fund Secretariat, in cooperation with the implementing agencies, should develop the lists mentioned and submit them to the Executive Committee for decision.

142. The representative of UNDP asked for further details on the composition of the proposed technology advisory group.

143. The representative of UNEP suggested that section 5 of the format contained in Annex I to document UNEP/OzL.Pro/ExCom/12/30 should contain a question asking countries operating under Article 5, paragraph 1, whether assistance was required in order to adapt transferred technologies to local conditions and whether sufficient attention had been paid to utilizing local resources.

144. The Executive Committee decided to adopt the guidelines for project reviews proposed in paragraphs 15-19 as amended of document UNEP/OzL.Pro/ExCom/12/30, including the format for technical review (Annex IV to this report). It also decided to establish an

independent technical advisory group which would meet as directed. The modalities and operational aspects of the group would be worked out by the Fund Secretariat and submitted to the Thirteenth Meeting of the Executive Committee for decision.

Agenda item 9: Projects that might realize net incremental savings

145. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/31, prepared in response to the Executive Committee's request for a policy guidance paper on potential funding options for projects that realized net incremental savings and could realize significant ODS reductions.

146. While complimenting the Secretariat on the preparation of an excellent, well-balanced paper, one representative said that he would have liked to see a reflection in the paper of the possible role which the World Bank could play within its regular business in Article 5 countries and, in addition, its possible role in the future financing of projects which (a) complied with the objectives of the Montreal Protocol and the Multilateral Fund, and (b) would be eligible for financing under regular resources. He had come to that conclusion because he had difficulty with one of the solutions suggested in paragraph 21, namely, that projects with net savings might be funded through concessional loans. While it was generally desirable not to finance projects with negative costs, it could be argued that by not sanctioning those types of project the Fund was missing out on some that might be very effective. It could also be argued that concessional loans involved greater complexity than did grants: loans had to be repaid according to a timetable which had to be established and monitored; timely interest payments had to be ensured, etc. Furthermore, what would be the role of the Treasurer, since the Fund did not manage loans? Referring to the international cooperation aspect, he said that Fund resources and budgetary resources were scarce budgetary resources and perhaps the Fund would be making less effective use of its money than if market loans were made, which would be much more accessible. It was for all those reasons that he would be in favour of approaching the World Bank to make use of its resources, and he would like to see the Secretariat, in collaboration with the Bank, explore the various possible avenues and present a further paper for the Executive Committee's consideration at its next meeting.

147. Another representative agreed that financing of that type of project gave rise to certain market problems. Nevertheless, the underlying philosophy of the Montreal Protocol was such that Article 5 countries should be encouraged to reduce or phase-out ODS in their respective countries, and at the very least the Fund should make the necessary funds available to the enterprises in those countries. He feared that if countries were obliged to rely on standard marketing rules, applying to the World Bank for classic loans, many projects would find it impossible to secure the necessary funding. Concessional loans were, he suggested, the very least that could be done to encourage ODS reduction and phase-out. He drew attention to a very simple issue: when concessional loans were attributed on beneficial terms to an enterprise from an Article 5 country, the rules would demand that refunding take place in the country of origin. That, however, could only take place after the enterprise exported its product, and there would be a serious problem in cases where all production was aimed at the domestic market. A

considerable effort would have to be made and judgment applied in those situations. Market rules alone should not be applied.

148. One representative mentioned that in many countries availability of capital was a significant constraint. Hence, in such projects capital costs should be funded without taking savings into account.

149. The representative of the World Bank welcomed the suggestion that the Bank collaborate with the Secretariat in reviewing and revising the paper to treat those issues more effectively. Referring to the recommendations in paragraphs 22 and 23, he suggested that the Executive Committee ask the implementing agencies to make a reasonable judgment as to whether projects that appeared to have net incremental savings and should be profitable would proceed without benefit of Multilateral Fund assistance - with funds being provided to those that would not otherwise proceed. Secondly, the implementing agencies should be requested to encourage clients to proceed in the way that Turkey had and to pursue those objectives. Finally, association of Bank lending with multilateral lending should be encouraged so that Bank financing would be available on reasonable terms.

150. The representative of UNDP, commenting on paragraphs 21 to 23 of the document, considered that the recommendation regarding sector strategies was extremely important. He regretted that the paper did not tackle the issue of small-scale industries, where even concessional loans might not be feasible, and suggested that if the paper was to be revised that aspect should be expanded upon. He drew attention to the existence of the UNDP Revolving Fund for Natural Resources Exploration, which did not involve concessional loans but money lent to companies for natural resources exploration. That could be considered where there was a significant number of companies that could benefit from it.

151. The observer for Greenpeace also strongly supported the recommendation to address the issue of sector strategies. An additional aspect that appeared to warrant consideration was that of information barriers. He also felt that the recommendations should contain a further paragraph stressing the second role of the Multilateral Fund, namely that of acting as a clearing house.

152. One representative could not agree with the conclusion in the last sentence of paragraph 21, although he found the remaining recommendations quite acceptable. He warned against adopting practices that would have the effect of providing a competitive advantage to lower ODS-consuming companies and punishing companies that were efficient. What needed to be developed, he felt, were ways to handle the net incremental savings that those companies made, without however recommending that they should be funded through concessional loans. Rather, ways should be found for those companies to be funded through grant resources.

153. Another representative drew attention to some confusion: he noted that the Fund had never funded projects which received net incremental benefits from the conversion. To decide otherwise now would represent a very real shift in approach and a significant increase in the responsibilities of the Multilateral Fund under the agreement reached in London. His

Government fully supported providing some form of enterprise incentives and believed that it would be very helpful to find ways to assist those efficient companies. However, there should not be requests additional to that expense to extend grants in cases where there were net incremental benefits.

154. The Executive Committee requested the Secretariat to prepare, in collaboration with the implementing agencies and taking into account the views expressed during the discussion, a revised paper for submission to the next meeting.

Agenda item 10: The use of contingency costs in project proposals

155. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/32, which had been prepared by the Secretariat in response to concerns over the level of contingency costs and the impact on the Fund voiced at the Eleventh Meeting of the Executive Committee.

156. The Committee decided to adopt the recommendations contained in the Secretariat document, as follows:

- (a) implementing agencies should not apply physical contingency charges against known costs for project components (e.g., licences, certain pieces of equipment, training costs, equipment and services already purchased, etc.); and,
- (b) implementing agencies should minimize contingency costs as experience was gained with standard equipment, technology and other project costs and in-field implementation and procurement.

157. The representative of the UNIDO called attention to the importance of contingencies for incremental operating costs, particularly in view of that and inter alia because of rapid developments in technology, it was expected, but could not be guaranteed, that between project formulation and planned operation (circa one to two years) there would be significant reductions in incremental operating costs. He suggested that the estimated costs used in project proposal and contingency equal to the difference between expected and proven incremental costs be held by the Fund and only released if justified. Guidance from the Executive Committee on this matter was requested.

Agenda item 11: Report on strategic options for retrofitting of mobile air conditioners and chillers

158. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/33, which the Secretariat had prepared to meet a request made by the Committee to revise and expand an interim report on the same subject submitted to it at its Eleventh Meeting.

159. The Committee thanked the Secretariat for the excellent work it had accomplished in improving the interim document and adopted the following recommendations:

Mobile Air Conditioners (MAC)

- (i) It is recommended that Article 5 countries be encouraged to pursue a more aggressive recycling and reclamation programme in the MAC sector, and to convert their CFC-12 MAC production plants to HFC-134a technology for new vehicles. Implementing agencies should be requested to intensify their efforts in the implementation of investment projects and technical assistance activities already approved by the Executive Committee and to prepare new investment projects in those areas.
- (ii) It is recommended that Article 5 countries be encouraged to develop and adopt regulatory measures for better containment and recycling and conversion of MAC manufacturing to HFC-134a technology. Implementing agencies should provide the necessary assistance in transferring the available knowledge and experience for this particular area within their technical assistance activities.
- (iii) It is recommended that approval of projects in MAC retrofitting be delayed until the retrofitting technology is proven cost-effective and is adequately mature to be transferred to Article 5 countries. The Executive Committee may wish to request the Secretariat to follow closely the progress in the development of retrofitting technology in the developed countries and to report to the Executive Committee on the state-of-the-art situation.
- (iv) It is recommended that the Executive Committee should encourage Article 5 countries to adopt necessary measures to regulate import of vehicles with CFC-12 based MACs.

160. The Committee further recommended that in countries where specific data were not available, appropriate pilot studies should be supported by the Fund when presented to facilitate making a cost-effective choice. Such studies should only be undertaken if they were cost-effective.

Chillers

- (i) It is recommended that consideration be given to the Total Equivalent Warming Impact (TEWI) in selecting alternative technology in the chiller sector, which would include both direct effects (refrigerant global warming potential) and indirect effects (system energy efficiency), and to human health and safety aspects.
- (ii) It is recommended that the Executive Committee approves refrigerant containment and better operation and maintenance practices, including

recovery/recycling/reclamation as a strategic option in ODS phase-out in the chiller sector in Article 5 countries. Article 5 countries should be encouraged to pursue a more aggressive refrigerant containment programme, including recovery/recycling/reclamation. The implementing agencies should be requested to intensify their efforts in formulation of new investment projects in this area.

- (iii) It is recommended that the Executive Committee approves conversion of CFC-based chiller manufacturing facilities as a strategic option of ODS phase-out in the chiller sector. The implementing agencies should be requested to increase their activities in identifying and preparing project proposals in this area.
- (iv) It is recommended that the Executive Committee approves the replacement of CFC chillers as a first priority of strategic options in ODS phase-out in the chiller sector. Implementing agencies should be requested to focus their activities on the replacement options in addressing ODS phase-out in the chiller sector. Energy savings should be taken into consideration when calculating the incremental costs of replacement.
- (v) It is recommended that the Executive Committee defer consideration of projects to retrofit chillers, except in special cases and when definite substitutes are used.
- (vi) It is recommended that the Executive Committee encourages the governments in Article 5 countries to give full consideration to appropriate regulatory and legislative action facilitating the implementation of CFC phase-out projects in the chiller sector. These should include an immediate cessation in the installation of new CFC chillers.

Agenda item 12: The use of transitional substances as substitutes for ozone depleting substances

161. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/34.

162. One representative felt that consideration should be given to the question of an upper limit to cost-effectiveness. In paragraph 31, insulating foams should be added to the list of areas in which hydrocarbons showed promise. The list itself should be dynamic and not static, and should be updated about once a year.

163. Another representative said that it was premature to introduce the wording, in the second half of recommendation 2, that HCFCs should be "approved for use only in areas where more environment-friendly and viable alternative technologies are not available." The Chairman suggested that the recommendations should stop at the word "sector-specific."

164. The observer for Greenpeace suggested that all proposals for projects involving the use of transitional substances should be accompanied by a full cost analysis, for purposes of cost

comparison with other technologies, and also by an explanation of why other environmentally safer alternatives were not proposed instead. She also pointed out that the document was not based on the most up-to-date information regarding alternatives.

165. One representative said that certain passages in the document gave a misleading impression of what alternatives were available. Pointing out as an example that domestic refrigerators could also be produced using hydrocarbons, he felt that undue prominence was being given to the use of HCFCs and HFCs. He also said that methylene chloride was not an acceptable alternative and that to use it was a step backwards. He could accept recommendation 2 and said that lists of BAT (best available technology) for various sectors should be developed and continuously updated in order to spread knowledge of acceptable alternatives to transitional substances.

166. One representative pointed out that a smooth changeover to zero-ODP substances was necessary in the case of many Article 5 countries since they were dependent on financial and technological transfer. Market considerations were also relevant. In this respect, there should be a guarantee of supply of HCFCs to such countries in sectors where there were no other available substitutes and HCFC projects should be allowed.

167. A representative of the Fund Secretariat pointed out that the list in paragraph 31 showed in a differentiated way what was available in the various sectors and sub-sectors. In some areas, as paragraph 31 stated, it would be necessary to make use of HCFCs. On the other hand, paragraph 31 was not to be read as making recommendations, for example on the use of methylene chloride: it was merely reporting the options available. He also explained that the paper had been based on the most up-to-date technical information authentically available at the time the report had been written. As more up-to-date information became available to the Secretariat, it would be disseminated to the Executive Committee.

168. Subject to changing recommendation 2 to end after "sector-specific," the recommendations in document UNEP/OzL.Pro/ExCom/12/34 were adopted.

Agenda item 13: Draft terms of reference for the review under paragraph 8 of Article 5 of the Montreal Protocol

169. At the Fifth Meeting of the Parties, the Executive Committee had been requested to prepare a report with respect to the review referred to in paragraph 8 of Article 5, taking into account Section II, paragraph 4, of decision IV/18. To meet that request, the Committee decided to adopt the proposals submitted to it by the sub-committee it had appointed to consider the terms of reference for the review. Accordingly, the terms of reference appearing in Annex V were adopted.

170. It was further decided that the report should be prepared by a well-qualified consulting firm with experience in Article 5 countries. The Secretariat was requested to invite consulting

firms to tender bids based on the terms of reference in Annex V to this report as soon as possible so that they could be received before 1 May 1994.

171. The sub-committee comprising Australia (Chairman), Brazil, Denmark, India, United States of America and Venezuela, established in paragraph 12 of this report, should examine, with the assistance of the Fund Secretariat, the bids offered, select the consulting firm, approve its work programme, provide guidance and review the draft report and any subsequent modifications to it. It was decided that the sub-committee should continue to function in the capacity indicated.

172. According to decision V/11, the Committee's report must be submitted to the Open-ended Working Group through the Ozone Secretariat by 31 December 1994. To accommodate that directive from the Parties, a preliminary draft report would be submitted to sub-committee members and the Fund Secretariat two weeks in advance of a September meeting of the Executive Committee. The sub-committee would meet the day before the September meeting.

173. Also to accommodate decision V/11, the draft report by the consulting firm selected should be submitted to the Fund Secretariat no later than 1 November 1994 to allow time to circulate it to Executive Committee members before an anticipated December meeting of the Executive Committee. That meeting would enable the Committee to approve the report in time for submission to the Open-ended Working Group at the end of the year.

174. Representatives of the consulting firm should establish contacts with the Chairmen of the Scientific Assessment Panel and the Technology and Economic Assessment Panel to address the technology feasibility issue which appeared as point (c) of the terms of reference in Annex V to this report and visit a representative sample of Article V countries, taking into account a regional distribution and per capita consumption to be identified by the sub-committee. The consulting firm would also have ongoing discussions with bilateral donors, members of the Executive Committee, the Ozone Secretariat, the Fund Secretariat and the implementing agencies.

175. Following the Committee's approval of the report in December 1994, the Fund Secretariat would invite Parties to comment on the report and would compile the comments received and submit them to the Open-ended Working Group and/or to the Meeting of the Parties, if so requested.

176. In accordance with decision V/11, the selected consulting firm would remain operational in 1995. Following the completion of the Committee's report and its submission to the Open-ended Working Group, the consulting firm would prepare an addendum to the report for submission no later than three months before the Seventh Meeting of the Parties to be held in 1995, which would address all comments received in addition to updating the December 1994 report of the Committee.

177. Following the selection of a consulting firm by the sub-committee, the Chairman and Vice-Chairman of the Committee would inform the Treasurer of the additional allocation to cover the costs of the review. The funds would be transferred to the account of the Fund Secretariat and recorded in the report of the Thirteenth Meeting of the Executive Committee.

178. The Executive Committee further authorized additional travel and per diem funds for sub-committee members to meet as needed. Those funds would also be transferred to the account of the Fund Secretariat and recorded in the report of the Thirteenth Meeting of the Executive Committee.

Agenda item 14: Other Matters

Modification in the Indicative List of Categories of Incremental Costs under the Montreal Protocol

179. The representative of India introduced his Government's proposals in document UNEP/OzL.Pro/ExCom/12/36 for modifications in the Indicative List of Categories of Incremental Costs under the Montreal Protocol. He was motivated to make those proposals because he believed that the Indicative List should not be considered immutable, that the Executive Committee had the power of interpretation, and that it should play a promotional and interpretative role and not a narrow or restrictive role in that area. He believed that the Executive Committee had the authority and capacity to consider the modifications proposed by India. The proposals were consistent with the criteria decided by the Parties. In theory, Article 5 countries could build up the capacity for ODS. If instead, they requested incremental costs for non-ODS extra capacity now based on demand build up, it would be cost-effective to the Fund and should be compensated.

180. While one representative expressed complete agreement with the proposals presented by India, and another shared many of the concerns, several others were of the opinion that changing the Indicative List required political consideration either by a Conference of the Parties or, perhaps, by the Open-ended Working Group that would be holding its next meeting in July 1994. It would almost certainly involve negotiation and probably compromise, as had been the case when the List had first been adopted by the Conference of the Parties at its second meeting. He noted that at that time the proposals currently put forward by India had been considered and, in the context of the negotiations, had not been accepted. In any case, the paper had been received too late to have its substance discussed at the present meeting. One representative, while agreeing that it was not possible to discuss the issue in depth at this meeting, suggested that it was so important to many Article 5 countries that perhaps the Secretariat could be asked to prepare a paper for the next meeting of the Executive Committee concerning the issues involved in the Indian proposal, so as to permit an in-depth discussion to be held at that time. That would perhaps enable the Executive Committee to formulate a position or advice on the subject, but the issue was sufficiently serious to warrant referral back to the Conference of the Parties for decision. Indeed, it was argued that the Executive Committee did not have the necessary political legitimacy to discuss the proposals without having

been asked by the Parties to carry out, for example, a technical examination of the consequences of the various options.

181. The Chief Officer indicated that the Secretariat would have some difficulty in preparing a paper for the next meeting of the Executive Committee on the basis of the Indian submission, which contained some serious ambiguities. It would have a problem even to prepare an information paper, and would certainly require clear guidance from the Executive Committee before it could attempt to formulate advice. He drew attention to the fact that the Secretariat had been guided by the Indicative List of Categories of Incremental Costs when preparing the 1994-1996 Plan and Budget of the Multilateral Fund, which had been approved by the Fifth Meeting of the Parties.

182. In the absence of a consensus as to how the Indian proposal could best be handled, the Executive Committee agreed to request India to revise its paper to clarify the ambiguities mentioned by the Secretariat, bearing in mind the views expressed during the present discussion on how the issue should be dealt with and to resubmit it in good time with a request that the Executive Committee consider the revised paper at its next meeting and transmit it to the Open-ended Working Group meeting in July.

183. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/12/Inf.6, which had been produced in response to a request for a summary of all decisions taken by the Executive Committee.

184. The Chairman, supported by one representative, paid tribute to the Secretariat for producing such a useful document.

185. A summary of the decisions taken by the Executive Committee at its Twelfth Meeting is annexed (Annex VI).

IV. ADOPTION OF THE REPORT

Agenda item 15: Adoption of the report

186. The Executive Committee adopted the present report, on the basis of the draft report contained in documents UNEP/OzL.Pro/ExCom/12/L.1/Rev.1 and UNEP/OzL.Pro/ExCom//12/L.1/Rev.1/Add.1, at its closing session on 31 March 1994.

V. DATE AND PLACE OF THE THIRTEENTH MEETING OF THE EXECUTIVE COMMITTEE

Agenda item 16: Date and place of the Thirteenth Meeting of the Executive Committee

187. The Committee decided to hold its Thirteenth Meeting at Montreal from 25 to 27 July 1994, and the Project Review Sub-Committee was to meet one day earlier if required. It further decided to fix 30 September to 1 October 1994 as tentative dates for the Fourteenth Meeting of the Executive Committee to be held prior to the Meeting of the Parties.

VI. CLOSURE OF THE MEETING

188. Following the customary exchange of courtesies, the Chairman declared the Twelfth Meeting of the Executive Committee closed.

ANNEX I

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

Status of the Fund as at 24 March 1994

	US dollars
INCOME	
Contributions received	167,366,653
Bilateral Contributions ⁽¹⁾	4,519,508
Interest earned 3,207,805	
Miscellaneous income	1,442,103
TOTAL	176,536,069
 DISBURSEMENTS	
UNDP	26,656,828
UNEP	8,358,357
UNIDO	6,843,117
World Bank	85,938,360
Bilateral Assistance	4,519,508
Secretariat (1991X1994)	8,983,526
Programme support (1991X1994)	428,938
TOTAL	141,728,634
BALANCE AVAILABLE	34,807,435

(1) Bilateral Assistance contributions:

	1991	1992	1993	1994	TOTAL
Australia	0	39,394	4,317	0	43,711
Canada	0	0	833,333	0	833,333
Germany	0	18,378	0	0	18,378
Singapore	0	0	31,976	0	31,976
South Africa	0	0	0	30,000	30,000
USA	480,000	1,669,000	1,413,110	0	3,562,110
	480,000	1,726,772	2,282,736	30,000	4,519,508

TRUST FUND FOR THE MULTILATERAL FUND UNDER THE MONTREAL PROTOCOL
(as at 24 March 1994) (US dollars)

Country	Unpaid Contributions as at 31.12.93	Gross Contributions for 1994	Bilateral Co-operation Assistance	Net Contributions for 1994	Contribution Received during 1994	Unpaid Contribution for prev yrs	Unpaid Contribution for 1994
Australia	0	2,633,990	0	2,633,990	0	0	2,633,990
Austria	999,272	1,308,273	0	1,308,273	625,456	373,816	1,308,273
Bahrain	69,428	0	0	0	0	69,428	0
Belarus	1,125,577	837,295	0	837,295	0	1,125,577	837,295
Belgium	1,412,304	1,849,026	0	1,849,026	0	1,412,304	1,849,026
Brunei Darussalam	14,127	0	0	0	0	14,127	0
Bulgaria	173,207	226,767	0	226,767	0	173,207	226,767
Canada	565,174	5,424,973	0	5,424,973	565,174	0	5,424,973
Cyprus	26,647	34,887	0	34,887	0	26,647	34,887
Czech Republic	1,151,193	732,633	0	732,633	0	1,151,193	732,633
Denmark	0	1,133,837	0	1,133,837	0	0	1,133,837
Finland	0	994,288	0	994,288	0	0	994,288
France ¹	11,278,087	10,466,186	0	10,466,186	0	11,278,087	10,466,186
Germany	0	15,577,174	0	15,577,174	0	0	15,577,174
Greece	257,327	610,528	0	610,528	0	257,327	610,528
Hungary	549,125	313,986	0	313,986	0	549,125	313,986
Iceland	0	52,331	0	52,331	65,327	0	(12,996)
Ireland	0	313,986	0	313,986	0	0	313,986
Israel	131,590	401,204	0	401,204	0	131,590	401,204
Italy	3,971,593	7,483,323	0	7,483,323	0	3,971,593	7,483,323
Japan	6,969,417	21,717,336	0	21,717,336	0	6,969,417	21,717,336
Korea, Rep. of	919,330	1,203,611	0	1,203,611	0	919,330	1,203,611
Kuwait	286,549	436,091	0	436,091	0	286,549	436,091
Liechtenstein	0	17,444	0	17,444	3,337	0	14,107
Luxembourg	0	104,662	0	104,662	0	0	104,662

¹ The Government of France has deposited Ffr 93 177 637,01 in a treasury bill current account at the Banque de France in the name of Montreal Protocol Multilateral Fund representing the equivalent of its 1991, 1992 and 1993 contributions. Of this amount, Ffr 32 935 833,27 equivalent to US \$5,509,448.67 has been encashed and deposited in the Multilateral Fund Account in New York as indicated in the table. The Government of France has indicated to the Treasurer that the balance will be made available to the Multilateral Fund according to the following encashment schedule - 30 June 1994: Ffr 18 635 527,40; 30 June 1995: Ffr 18 635 527,40; 30 June 1996: Ffr 14 362 422,45; 30 June 1997: Ffr 8 608 125,49.

Country	Unpaid Contributions as at 31.12.93	Gross Contributions for 1994	Bilateral Co-operation Assistance	Net Contributions for 1994	Contribution Received during 1994	Unpaid Contribution for prev yrs	Unpaid Contribution for 1994
Monaco	7,483	17,444	0	17,444	4,353	3,130	17,444
Netherlands	0	2,616,547	0	2,616,547	0	0	2,616,547
New Zealand	0	418,647	0	418,647	0	0	418,647
Norway	0	959,400	0	959,400	0	0	959,400
Panama	0	5,638	0	5,638	5,638	0	0
Poland	626,210	819,851	0	819,851	0	626,210	819,851
Portugal	531,587	348,873	0	348,873	0	531,587	348,873
Russian Federation	23,654,002	11,704,685	0	11,704,685	0	23,654,002	11,704,685
Saudi Arabia	756,928	1,674,590	0	1,674,590	0	756,928	1,674,590
Singapore	37,024	209,324	0	209,324	37,024	0	209,324
Slovakia	0	226,767	0	226,767	0	0	226,767
South Africa	0	715,189	30,000	685,189	0	0	685,189
Spain	2,638,077	3,453,841	0	3,453,841	0	2,638,077	3,453,841
Sweden	0	1,936,244	0	1,936,244	0	0	1,936,244
Switzerland	0	1,936,244	0	1,936,244	0	0	1,936,244
Ukraine	4,332,590	3,261,961	0	3,261,961	0	4,332,590	3,261,961
United Arab Emirates	559,639	366,317	0	366,317	160,590	399,049	366,317
United Kingdom ²	6,682,477	8,756,709	0	8,756,709	1,332,495	5,349,982	8,756,709
United States	2,342,492	37,916,667	0	37,916,667	0	2,342,492	37,916,667
Uzbekistan	216,390	453,535	0	453,535	0	216,390	453,535
TOTAL	72,284,846	151,672,304	30,000	151,642,304	2,799,394	69,559,754	151,568,002

2

The Government of the United Kingdom has deposited a Promissory Note in an Account in the name of the UNEP Montreal Protocol Multilateral Fund at the Bank of England covering the balance of its pledge up to 1993 to the Multilateral Fund. The Government of the United Kingdom has indicated to the Treasurer the following schedule of encashment against this Promissory Note: July 1994 US\$1,332,495; December 1994 US\$1,332,495; July 1995 US\$1,332,495; December 1995 US\$1,330,024.

ANNEX II

ENCASHMENT SCHEDULE
FOR PROMISSORY NOTES*MULTILATERAL FUND UNDER THE MONTREAL PROTOCOL
ON SUBSTANCES THAT DEplete THE OZONE LAYER

ENCASHMENT DATES	1994 PORTION SCHEDULED	1995 PORTION SCHEDULED	1996 PORTION SCHEDULED
1 January 1995	1/6th 1994		
1 July 1995	1/6th 1994		
1 January 1996	1/6th 1994	1/6th 1995	
1 July 1996	1/6th 1994	1/6th 1995	
1 January 1997	1/6th 1994	1/6th 1995	1/6th 1996
1 July 1997	1/6th 1994	1/6th 1995	1/6th 1996
1 January 1998		1/6th 1995	1/6th 1996
1 July 1998		1/6th 1995	1/6th 1996
1 January 1999			1/6th 1996
1 July 1999			1/6th 1996

* In accordance with the Executive Committee's decision at its Eleventh Meeting (see UNEP/OzL.Pro/ExCom/11/36, para. 128), this schedule would be subject to acceleration in the light of needs. As also decided by the Committee, the schedule begins in 1995; if, however, notes deposited before 1994 were encashed in totality in 1994, the draw-down from 1994 notes could begin in 1994.

ANNEX III

**UNIFORM FORMAT FOR ANNUAL FINANCIAL REPORTS
FROM IMPLEMENTING AGENCIES**

**IMPLEMENTING AGENCY
Financial Report as at 31.12.1993**

Country/Region Project/Activity	Type of Project	Date Approved	Funds Allocated (By ExCom)	Expenditure as at 31.12.1993	Planned Commitment	Savings or (Deficit)	Expected Date of Completion	Remarks
1	2	3	4	5	6	7	8	9

I. COMPLETED PROJECTS:

II. ON-GOING PROJECTS:

SUB-TOTAL

INTEREST EARNED

ADMINISTRATIVE SUPPORT COSTS

GRAND TOTAL

DEFINITIONS OF TERMS USED IN THE UNIFORM FORMAT
FOR ANNUAL FINANCIAL REPORTS FROM THE IMPLEMENTING AGENCIES

- | | | |
|-----|--|--|
| 1. | "Country/Region"
"Project/Activity" | qualifying region of project/activity; |
| 2. | "Type of Project/
Activity" | identification of type of project/activity with respect to terms of reference for each agency; |
| 3. | "Date Approved" | date the Executive Committee approved the project/activity; |
| 4. | "Funds Allocated" | funds allocated to the project/activity by the Executive Committee and subsequently transferred to the agency by the Treasurer; |
| 5. | "Expenditure" | actual direct expenditure as disbursed by the agency; |
| 6. | "Planned Commitment" | money set aside for continuation of project/activity; |
| 7. | "Savings or (Deficits)" | net result of measuring total expenditure computed against original allocation (with deficits being shown in brackets) - this is applicable only for completed project/activity; |
| 8. | "Expected Date of
Completion" | expected date of completion of the approved project/activity; |
| 9. | "Remarks" | any remarks the agency sees fit to make in respect of this project/activity; |
| 10. | "Administrative Support
Costs" | administrative costs incurred by the agency in delivering a programme or activity approved; and, |
| 11. | "Interest Earned" | interest on surplus cash held by the agency prior to disbursement for programme or activity approved, to be reported under column 4. |

ANNEX IV

RECOMMENDED GUIDELINES FOR PROJECT REVIEWS

The main objectives of the review of a project submitted for consideration of the Executive Committee are: to determine its eligibility for funding under the rules of the Multilateral Fund; to ensure that the technology chosen is proven, viable, transferable, cost effective for the proposed use and will not have an unacceptable adverse environmental impact; to identify eligible incremental costs; and to identify any policy issues that had not been encountered before and could require a decision by the Executive Committee or possibly the Meeting of the Parties. To ensure that these objectives are adequately addressed, the following guidelines should be followed.

1. Technical reviewers should:
 - (a) address the viability of the proposed technology, as well as the comparative cost effectiveness of the option selected; and,
 - (b) scrutinize lists of equipment and all cost items delineated in project proposals to ensure that the proposed equipment is essential to the conversion and the related costs are reasonable given the same level and kind of service proposed.

2. Implementing agencies should:
 - (a) only choose for technical reviews internationally recognized experts in the technology, outside of the agency, who have technical experience in developing countries in the field of their expertise, but who did not participate in the development of the proposal, nor did they or their employer have a financial stake in the project;
 - (b) familiarize technical reviewers with the Indicative List of Categories of Incremental Costs, the guidelines, criteria, and procedures of the Executive Committee and relevant policy and project decisions of the Parties and the Executive Committee by providing information concerning all relevant decisions of the Parties and the Executive Committee on the approval of projects and the determination of eligible incremental costs;
 - (c) justify costs that exceed the indicative cost levels developed in the indicative list of standard equipment and expected costs mentioned below;
 - (d) have those involved in project preparation ensure that sufficient information is provided for the technical reviewer to address all of the questions and issues in standard format for technical reviews proposed in the Appendix;
 - (e) use the standard format for technical reviews attached to this document as the Appendix; and
 - (f) ensure that projects submitted to the Executive Committee for review shall take into consideration the comments of the technical reviewer or provide justification for not doing this.

3. Implementing agencies, in cooperation with the Fund Secretariat, should:
 - (a) hold seminars for all consultants, employees, technical reviewers, and others who might participate in the development, evaluation or review of project proposals;
 - (b) develop an indicative list of standard equipment and expected costs for use by consultants and technical reviewers in project preparation and review; and,
 - (c) develop a negative indicative list of equipment and other costs that should not be funded which will also assist in project preparation and review.

4. The Fund Secretariat should continue to fulfil its role in the project review process as defined in previous Executive Committee decisions.

APPENDIX

FORMAT FOR TECHNICAL REVIEWS

NOTE: Implementing agencies are requested to complete the relevant sections in this format, and to provide sufficient information for the reviewer to address all of the questions and issues in this format.

1. **Country of origin:**
2. **Project title:**
3. **Sector/sub-sector:**
4. **Relationship to country programme**
Does the project document indicate if the project:
 - (a) is included in or consistent with the country's action plan?
 - (b) constitutes an important part of an articulated sectoral/sub-sectoral strategy?
5. **Technology**
 - (a) assess the environmental soundness and safety of selected technology to other alternatives?
 - (b) is the technology transitional? Are there non-transitional options which might have been more cost effective taking into account total costs to and duration of phase-out?
 - (c) feasibility of transfer to the country concerned:
 - (i) does the proposed technology transfer agreement (if any) take into account appropriate requirements?
 - (ii) is there a licensing agreement and do costs appear reasonable given international norms?
 - (iii) were other technologies considered? Do you agree with the determination made in this case?
 - (iv) is the proposed technology the most cost effective technology available for this conversion? If not, were there adequate reasons that more cost effective technologies could not be deployed in this case?
6. **Environmental impact**
 - (a) impact of ODP and GWP of the substitute;
 - (b) appropriateness of proposed measures and related cost estimates to minimize health and safety and other environmental impact.

7. **Project costs**

- (a) are all cost components identified in the project essential for the conversion?
Assess the necessity of proposed equipment to facilitate existing level of service.
- (b) should any of the cost components have been expected to be present in the facility prior to conversion?
- (c) cost of equipment:
 - (i) is the baseline cost of existing equipment addressed in a manner that is consistent with your experience?
 - (ii) do you agree with the finding regarding whether some/all baseline equipment should/should not be replaced?
 - (iii) do you believe requests for any additional equipment essential for the conversion?
 - (iv) can all/part of baseline equipment be modified to perform functions needed in the conversion, and could such modification costs lead to lower project costs?
 - (v) is the fate of scrapped equipment addressed in a manner which ensures it will not be redeployed?
 - (vi) is the calculation of salvage value of scrapped equipment, if any, reasonable?
 - (vii) will the new equipment/modification of existing equipment result in an increase in existing capacity?
- (d) appropriateness of proposed training and related costs, if any.
- (e) operating costs:
 - (i) are the components and magnitude of operating costs appropriate given your experience with other implemented projects (e.g. cost of substitutes, energy, labour, etc.)?
 - (ii) are any operating savings, including energy saving and expected savings through reductions in defects included in the project?
 - (iii) do you believe this finding and/or the calculated level of savings reasonable given your knowledge of results achieved in similar projects?

8. **Implementation timeframe**

Do you believe that the proposed implementation timeframe is feasible?

9. **Recommendations**

- (a) approval categories:
 - approval as proposed;
 - approval after modification (with a proposal for modifications);
 - permission to proceed;
 - rejection and justification;
- (b) other comments.

ANNEX V**TERMS OF REFERENCE FOR THE REVIEW
UNDER PARAGRAPH 8 OF ARTICLE 5 OF THE MONTREAL PROTOCOL**

The review referred to in paragraph 8 of Article 5, taking into account Section II, paragraph 4 of Decision IV/18, shall cover the following terms of reference:

1. Consider the schedule of control measures applicable to Article 5 parties and the possible need for revision of the existing schedule of control measures after examining alternative scenarios. The following factors should be taken into account in examining alternative schedules of control measures for Article 5 countries:
 - (a) the financial implications of various phase-out strategies, including comparisons in achieving the targets set in the London and Copenhagen amendments;
 - (b) the actual transfer of resources and technology to Article 5 countries and their absorption thereof, taking into account the operation of the Fund to date determining, inter alia:
 - (i) the actual and approved transfer of resources to Article 5 countries;
 - (ii) the relationship between the availability of controlled substances and the rate of implementation of activities for their phase-out in Article 5 countries;
 - (iii) the rate at which low and non-ozone-depleting-substance technologies are being transferred to or developed by Parties operating under Article 5, including the actual implementation of those technologies; and,
 - (iv) the transfer of non-ODS technologies between Article 5 countries;
 - (c) the technological feasibility of a change in the control measures based on the reports of and discussions with the Chairmen of the Scientific Assessment Panel and the Technology and Economic Assessment Panel; and,
 - (d) the feasibility of achieving the greatest possible reduction in the shortest possible time.
2. The review should take into account:
 - (a) the current plans of Article 5 Parties as articulated in their country programmes.

- (b) document UNEP/OzL.Pro/ExCom/10/36 (Report on the Operation of the Fund adopted at the Tenth Meeting of the Executive Committee), updating the pertinent information;
 - (c) the progress made and problems encountered by Article 5 Parties in implementing their country programmes, determining, on the basis of the country programmes approved by the Executive Committee, the current status of ODS technologies used in Article 5 countries and the current per capita consumption, as well as the likely growth in consumption of ODS in Article 5 countries.
3. In addition, the review should:
- (a) provide information on legislation being enacted in Article 5 countries in consonance with the strategies and action plans included in the country programmes;
 - (b) describe market dynamics impacting the phase-out of controlled substances in Article 5 countries, including determination of the background of the industrial structure of Article 5 countries and the impact of ODS phase-out on the small-scale and informal industrial sector.

ANNEX VI

SUMMARY OF DECISIONS TAKEN AT THE 12TH MEETING OF THE EXECUTIVE COMMITTEE

The Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol decided³:

Establishment of Sub-Committees

1. To appoint representatives of Australia, Cameroon (Chairman of the Sub-Committee), France and India to the Sub-Committee on Financial Matters.
2. To set up a project review sub-committee composed of representatives of Algeria (Chairman of the Sub-Committee), Argentina, Australia, France, Malaysia and the United States of America.
3. To establish a sub-committee to review the terms of reference as included in document UNEP/OzL.Pro/ExCom/12/35. The Committee appointed representatives of Australia (Chairman of the Sub-Committee), Brazil, Denmark, India, United States of America and Venezuela to serve as members of the sub-committee.

Contributions and Fund Disbursements

4. That arrears for 1993 and prior years should be paid in cash in accordance with the decision taken at the Eleventh Meeting of the Executive Committee on establishing promissory notes for payment of future contributions. However, in view of the difficulties experienced by countries with economies in transition in meeting their obligations, the Executive Committee decided to extend to them the facilities of payment of their arrears through promissory notes.

Financial Matters

5. Agreed that, with respect to the difficulty faced by the World Bank vis-a-vis the promissory notes held in the Treasurer's name not constituting guaranteed resources, the Treasurer should establish procedures, in consultation with the World Bank, to permit the transfer of

³ More details relating to the Committee's decisions/requests are referred to by giving the appropriate paragraph in the body of the report.

the notes he held, or parts thereon, on a pro-rata basis, to the World Bank for the amounts approved by the Executive Committee. The Bank would be responsible for determining the draw-down against those notes for its disbursements on a need-based approach and, in turn, would report to the Treasurer details of such encashments.

6. To request the Treasurer to send letters to Parties not operating under Article 5, paragraph 1, asking them to provide an indication of the form of payment of contributions, including a schedule for such payment, and urging upon them the need to pay at least 80 per cent of their 1994 contributions to the Fund before the next meeting of the Executive Committee and, similarly, for subsequent years, before the first meeting of the Executive Committee each year.
7. To adopt the proposed encashment schedule, attached as Annex II to this report, as an initial encashment schedule which could be modified later on the basis of experience gained.
8. To accept the format for financial reporting contained in Annex III of this report.

Bilateral Assistance

9. To approve the request of the Government of the United States of America and agreed that, the Treasurer should credit the requested amount of US \$735,000 accordingly. (paragraph 33)
10. To approve the request of the Government of Australia, included in document UNEP/OzL.Pro/ExCom/12/5/Add.1, to credit US \$66,800 in bilateral assistance against its 1994 contribution to the Fund.

Work Programmes

11. To approve the following amounts for the Work Programmes of the implementing agencies:

	Amount US \$	Support Costs US \$	TOTAL US \$
UNDP	6,215,350	808,000	7,023,350
UNEP	2,546,140	331,000	2,877,140
UNIDO	175,000	22,750	197,750
World Bank	2,743,000	Not applicable	2,743,000
Total	11,679,490	1,161,750	12,841,240

12. To defer a decision on the Kein Hing Solvent Project in Malaysia.
13. To disallow the use of growth projections in determining operational costs and benefits either positive or negative for future projects for all recipient countries. It further recommended that national pricing be used, except where it was higher than 20 per cent from the regional border price.
14. That the networking activities would be for a three-year period. However, the amounts of US \$224,000 for ODSNET/LA and US \$180,000 for ODSNET/AF would apply to 1994 only. It approved the cost of the meeting of consultants (US \$70,000) on the understanding that UNEP and the Fund Secretariat would collaborate in preparing the terms of reference for the meeting and the modalities for expanding its scope. Regarding the activity "continue and improve sectoral data collection" (US \$215,000), UNEP was requested to provide details of the cost of the activity in future work programmes, addressing in particular the effectiveness of the on-line information exchange service.

Country Programmes

15. To approve the following country programmes: Colombia, Indonesia, Côte d'Ivoire, Malawi, Sri Lanka and Sudan. The approval did not denote approval of the projects listed therein or their funding levels, unless otherwise indicated.
16. To approve the institutional strengthening projects for the following countries: Colombia (paragraph 96), Côte d'Ivoire (paragraph 99), Malawi (paragraph 100), Sri Lanka (paragraph 101) and Sudan (paragraph 102).

Investment Projects

17. To approve/give permission to proceed/defer, as appropriate, projects submitted on behalf of the countries listed below. The relevant decisions taken by the Committee in this regard are included in the paragraphs indicated for each country as follows:

China (paragraphs 105-110)

Egypt (paragraphs 112-114)

India (paragraphs 115-123)

Jordan (paragraphs 124-128)

Malaysia (paragraphs 129-130)

Philippines (paragraphs 131-132)

Thailand (paragraphs 133-134)

Fund Secretariat

18. To request the Secretariat to calculate the total administrative support costs charged to the Financial Mechanism so far, based on a definition of admissible administrative support costs and an analysis of such costs as presently charged by each agency, including the Secretariat costs.
19. To request the Secretariat to consult with the implementing agencies to produce a paper which would help the Executive Committee to consider the possible future use of reasonable cost effectiveness ranges on a sub-sector by sub-sector basis with a view to ensuring the most expeditious, effective and efficient possible utilization of funds to address the ozone depletion problem.
20. To defer the Regional Data Collection Systems Workshop for Africa pending submission by the Secretariat to the Thirteenth Meeting of the Executive Committee of a paper dealing with the scope of activities under the institutional strengthening projects and country programme preparation and how they related to data collection.
21. To request the Secretariat to convene a group composed of experts on process engineering related to the production of ODS substitutes and financial experts to consider issues associated with the calculation of incremental costs in the production of ODS substitutes. (paragraph 109)
22. To request the Fund Secretariat to prepare an overview paper showing the impact on the Fund of various operational cost durations in the refrigerator sector.
23. To request the Secretariat to prepare, in collaboration with the implementing agencies and taking into account the views expressed during the discussion, a revised paper on projects that might realize net incremental savings for submission to the next meeting.

Review of Project Proposals

24. That the Fund Secretariat, in cooperation with the implementing agencies, should develop the lists mentioned in sub-paragraphs 18 (b) and (c) of document UNEP/OzL.Pro/ExCom/12/30 and submit them to the Executive Committee for decision. (paragraph 141)
25. To adopt the guidelines for project reviews proposed in paragraphs 15-19 as amended of document UNEP/OzL.Pro/ExCom/12/30, including the format for technical review (Annex IV). (paragraph 144)

26. To establish an independent technical advisory group which would meet as directed. The modalities and operational aspects of the group would be worked out by the Fund Secretariat and submitted to the Thirteenth Meeting of the Executive Committee for decision. (paragraph 144)

The Use of Contingency Costs in Project Proposals

27. To adopt the recommendations contained in the Secretariat's document UNEP/OzL.Pro/ExCom/12/32 and in paragraph 156 of the report.

Report on Strategic Options for Retrofitting of Mobile Air Conditioners and Chillers

28. To adopt the recommendations contained in paragraphs 159 and 160 of the report.

The Use of Transitional Substances as Substances for Ozone Depleting Substances

29. To adopt the recommendations contained in the Secretariat's document UNEP/OzL.Pro/ExCom/12/34 as indicated in paragraph 168 of the report.

Draft Terms of Reference for the Review under Paragraph 8 of Article 5 of the Montreal Protocol

30. To adopt the terms of reference included in Annex V to this report. The modalities relating to the preparation of the review are included in paragraphs 169, 170, 171 and 178 of the report.

Other Matters

31. To request India, in the absence of a consensus as to how the Indian proposal could best be handled, India to revise its paper to clarify the ambiguities mentioned by the Secretariat, bearing in mind the views expressed during the present discussion on how the issue should be dealt with and to resubmit it in good time with a request that the Executive Committee consider the revised paper at its next meeting and transmit it to the Open-ended Working Group meeting in July.

Adoption of the Report

32. To adopt the present report, on the basis of the draft report contained in documents UNEP/OzL.Pro/ExCom/12/L.1/Rev.1 and UNEP/OzL.Pro/ExCom/12/L.1/Rev.1/Add.1, at its closing session on 31 March 1994.

Date and Place of the Thirteenth Meeting of the Executive Committee

33. To hold its Thirteenth Meeting at Montreal from 25 to 27 July 1994, and the Project Review Sub-Committee was to meet one day earlier if required. It further decided to fix 30 September to 1 October 1994 as tentative dates for the Fourteenth Meeting of the Executive Committee to be held prior to the Meeting of the Parties.