



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/13/47  
27 July 1994

ORIGINAL: ENGLISH

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

Thirteenth Meeting  
Montreal, 25-27 July 1994

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

**I. INTRODUCTION**

1. The Thirteenth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol was held at Montreal from 25 to 27 July 1994. The Meeting was convened in pursuance of decisions IV/18 and IV/20 adopted at the Fourth Meeting of the Parties to the Montreal Protocol, held at Copenhagen from 23 to 25 November 1992 (UNEP/OzL.Pro/4/15).

**II. ORGANIZATIONAL MATTERS**

A. Opening of the Meeting

2. The Meeting was opened by Mr. Tan Meng Leng (Malaysia), Chairman of the Executive Committee, who welcomed participants.

3. The Chairman expressed serious concern at the level of contributions received to date, indicating that unless the situation improved dramatically a shortfall of funds must be anticipated. As a result, some worthy projects might have to be postponed. He urged all parties concerned to take speedy action to address that issue. He noted that the Secretariat had prepared an overview paper that identified eleven issues requiring careful consideration by the Committee with a view to providing further guidelines to the Implementing Agencies and to countries requesting assistance so that project preparation can be expedited. On the other hand, while guidelines were clearly necessary, it was important not to create a bureaucratic net that would impede rather than facilitate the preparation of projects; great care was therefore needed in establishing guidelines. At the current Meeting, the Committee would be faced with the important task of reviewing the report prepared under paragraph 8 of Article 5 of the Protocol prepared by a consultant under the able leadership of the Vice-Chairman, Mr. John Whitelaw. It would also have to examine a request from the Ozone Secretariat for a loan of US \$450,000 and decide whether that was in line with the purpose of the Fund. Finally, he called upon the Fund Secretariat, Implementing Agencies and Governments to continue to improve their channels of communication and consultation so as to resolve as many problems as possible without the Committee having to become involved.

#### 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 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 Alliance for Responsible Atmospheric Policy, Commonwealth Science Council, Environmental Defense Fund, European Fluorocarbon Technical Committee, Friends of the Earth, Greenpeace, State University of New York at Albany, the Université du Québec à Montréal, as well as consultants for the Report on the Review under Paragraph 8 of Article 5 of the Montreal Protocol also attended the Meeting as observers.

C. Adoption of the agenda

7. The Executive Committee adopted the following agenda for the Meeting:
  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) Overview of issues identified during project review.
  4. Financial matters:
    - (a) Report from the Treasurer on:
      - Contributions and Fund disbursements;
      - Biennium 1992-1993 accounts;
    - (b) Financial reports of the Implementing Agencies.
  5. Requests for bilateral assistance.
  6. Implementing Agencies:
    - (a) Progress reports:
      - Consolidated progress report;
      - UNDP progress report;
      - UNEP progress report;
      - UNIDO progress report;
      - World Bank progress report.
    - (b) Work programme amendments:
      - UNDP;
      - UNEP;
      - UNIDO;
      - World Bank.

7. Country programmes:
  - (a) Argentina;
  - (b) Botswana;
  - (c) Brazil;
  - (d) Kenya;
  - (e) Seychelles;
  - (f) Slovenia;
  - (g) Uganda;
  - (h) Zimbabwe.
  
8. Project proposals:
  - (a) Argentina;
  - (b) Cameroon;
  - (c) China;
  - (d) Colombia;
  - (e) Egypt;
  - (f) India;
  - (g) Jordan;
  - (h) Malaysia;
  - (i) Philippines;
  - (j) Syrian Arab Republic;
  - (k) Thailand;
  - (l) Uruguay;
  - (m) Venezuela.
  
9. Report of the Sub-Committee for the Review under Paragraph 8 of Article 5.
  
10. Impact on the Fund of various operational cost durations in the domestic refrigerator sector (draft).
  
11. Cost-effectiveness of ODS phase-out projects (draft).
  
12. Projects that might realize net incremental savings (draft).
  
13. Data collection and data reporting (draft).
  
14. Draft report of the Executive Committee to the Sixth Meeting of the Parties.
  
15. Modification in the Indicative List of Categories of Incremental Costs under the Montreal Protocol.
  
16. Format for the presentation of information on progress of implementation of country programmes.

17. Other matters.
18. Date and venue of the Fourteenth Meeting of the Executive Committee.
19. Closure of the Meeting.

#### D. Organization of work

8. In accordance with the decisions taken by the Executive Committee at its Twelfth Meeting, the Project Review Sub-Committee met on 24 and 25 July to examine individual country projects contained in documents UNEP/OzL.Pro/ExCom/13/13 through 13/16 and 13/25 through 13/38.

9. It was agreed that the policy paper prepared by the World Bank entitled "Note on an Implementation Strategy for the Preparation and Processing of Small Montreal Protocol Investment Operations through an Umbrella Grant Agreement" (UNEP/OzL.Pro/ExCom/13/12, attachment C) would be taken up under agenda item 6.

10. It being noted that the Vice-Chairman would be presenting a progress report of the Sub-Committee on the Review under Paragraph 8 of Article 5 (agenda item 9), members of the Executive Committee were invited to make themselves available to the consultants to the Sub-Committee so that they could pursue issues during the course of the Meeting.

### III. SUBSTANTIVE MATTERS

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

##### (a) Secretariat activities

11. The Chief Officer reported on the activities of the Secretariat since the Twelfth Meeting and introduced documents UNEP/OzL.Pro/ExCom/13/2 and UNEP/OzL.Pro/ExCom/13/2/Add.1.

12. Concern was expressed over the very significant volume of documentation the Secretariat was forced to deal with in the short period between Executive Committee Meetings, and which it in turn had to have printed and mailed to Governments and Implementing Agencies at great cost. It was suggested that for future Meetings consideration should be given to distributing documents in electronic mail form to the extent feasible. The Chief Officer welcomed this suggestion. He said that he would like to explore in detail the possibility of physically reducing the volume of documentation sent to participants and would welcome any suggestions on how that could be achieved. As a first step, participants agreed to exchange electronic mail addresses with the Secretariat.

13. Reference was made to the request at the Twelfth Meeting that the Secretariat assess the question of the high level of admissible administrative costs and prepare a document for the Thirteenth Meeting containing proposals on how the currently high ratio of administrative costs could be reduced. The Chief Officer indicated that a consultant had been hired to conduct that study, the terms of reference for which had been submitted to and approved by the Sub-Committee on Financial Matters. Unfortunately, the task would take longer than originally anticipated. The consultant was in the process of visiting the Implementing Agencies, and a report was now expected to be available by approximately the end of August.

14. One representative asked what follow-up action had been taken by the Secretariat on the question of the use of promissory notes for the payment of contributions by countries with economies in transition.

15. 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) Overview of issues identified during project review

16. The Committee noted with appreciation documents UNEP/OzL.Pro/ExCom/13/3 and Corr.1/Rev.1, on issues identified during project review. Most of the issues were being dealt with by the Project Review Sub-Committee, while the rest would be taken up under related agenda items.

Agenda item 4: Financial Matters

(a) Report from the Treasurer

- Contributions and fund disbursements

17. The representative of UNEP, speaking as Treasurer of the Fund, introduced document UNEP/OzL.Pro/ExCom/13/4, on contributions and Fund disbursements. One change was required to that report, to reflect the fact that as a result of France having paid the equivalent of 80 per cent of its 1994 contribution by means of a promissory note, the amount available for project approval at this Meeting should be increased by US \$8.3 million. A revised version of the paper would be produced to reflect the change and be annexed to the present report (Annex I).

18. One representative pointed out that under the current format of the table of contributions, Parties paying with promissory notes were shown as being in arrears. Now that promissory notes had been accepted as a method of payment, the format needed to be changed to make clear who was paying by such notes, since they were no longer in arrears. The Committee agreed that that would be done in future reports.

19. One representative observed that, although there had been some reductions in arrears since the last report, in a number of cases there had been no change. He suggested that the time had come for the Treasurer to examine individual situations and to try to find appropriate ways of dealing with each. That was particularly important in the case of countries with economies in transition. The reasons for late contributions were complex and varied, but a new component would seem to have been introduced which could seriously impact on the Fund's available cash resources namely, that certain Governments which had previously paid their contributions on time now seemed to be refraining from doing so while waiting for promissory notes to be encashed.

20. Several representatives noted with regret that the Treasurer had not presented a report on the handling of the problem of arrears in accordance with the request contained in paragraph 19 of the report of the Twelfth Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/12/37).

21. The Executive Committee expressed great concern that a number of Parties continued to be in arrears in payment of contributions, and requested a full report from the Treasurer to its Fourteenth Meeting on the follow-up to the recommendations made by the Sub-Committee on Financial Matters on contributions in arrears adopted at the Tenth Meeting of the Executive Committee.

22. The Executive Committee further requested the Treasurer to find ways and means to identify the causes of non-payment of contributions and to attempt to open avenues for speedy payment, bearing in mind the report of the Sub-Committee on Financial Matters, which was submitted to the Tenth Meeting of the Executive Committee, and the view of the Committee that the dispatch of reminder letters to Parties in arrears was not in itself adequate.

23. A number of representatives called on the Treasurer to step up his efforts to ensure payment of arrears in contributions. In response, the Treasurer sought clearer guidance from the Committee on what action he might take.

24. One representative said that, when considering the situation of countries with economies in transition, it was important to bear in mind that some of those countries were not party to the London Amendment and therefore not bound to contribute to the Multilateral Fund. The same representative said that his delegation had raised the issue at the Fifth Meeting of the Parties but had as yet received no response.

25. The representative of the United States explained the reasons why his Government's contributions were late, indicating its intention to pay part of its 1994 contribution once its consultations with UNEP were complete; it expected that the remainder of its 1994 contribution would be paid, as well as its arrears for 1993, when its new fiscal year began on 1 October 1994. That explanation and indication of intent were welcomed.

26. The representative of the Ozone Secretariat noted that, at its tenth meeting, the Open-ended Working Group of the Parties to the Montreal Protocol had developed certain

principles for consideration by the Sixth Meeting of the Parties that could lead to some of the Parties that had originally been classified as not operating under Article 5 of the Protocol no longer being liable to make contributions to the Fund. The further observation was made that certain Parties that were at present classified as not operating under Article 5 would be reclassified when their consumption rate dropped. While they would then no longer have to contribute for future years, they would remain liable for payment of the monies owed from them during the period that they had been classified as not operating under Article 5.

27. It was noted that, out of a total income of US \$221 million to the Multilateral Fund as at 30 June 1994, approximately US \$152 million had been given to the Implementing Agencies, although actual disbursements to date had been small. It was suggested that ways of unlocking the available money should be looked at, in order to promote a contribution flow that would ensure that the Fund's objectives would be achieved. One representative suggested that funds allocated for projects that had not yet been committed by the Implementing Agencies could be used for the approval of new projects. Other representatives, recalling that the possibility of imposing a time-limit for projects had been discussed at an earlier Meeting, said that the time might be ripe to consider reviewing approved projects that had remained unimplemented for some time. If no movement was taking place the project could perhaps be cancelled, with the money reverting to the Fund for expenditure on new projects and with the Implementing Agency or country that had initially advanced the project having to resubmit it if it wished the project to be reinstated. Admittedly, any such decisions would require very sensitive handling and due concern for possible legal impediments. Apart from the question of releasing funds, a review of such projects would also offer the Committee an opportunity to determine whether the technology on the basis of which the project had originally been approved was still the best available.

28. The representative of the World Bank strongly subscribed to a comment by a representative that a distinction must be made between projects approved by the Executive Committee but having no legal agreement in place and those approved and with a signed legal agreement. A review of the former was obviously warranted, and they could be withdrawn without legal implications. Where there was a legal agreement, however, that agreement would specify the terms under which a grant or loan could be cancelled, and that agreement had to be respected. He drew attention to the Bank's progress report, which explained why some projects were delayed while others were going forward quite well.

29. Some representatives said that no decision should be taken on the question of cancelling projects, without a full discussion of the implications and in the absence of clear criteria.

30. In response to a question relating to progress made by the Treasurer in establishing procedures for the transfer to the World Bank of promissory notes, the Treasurer said that, to date, only one Party had replied to his letter of May 1994 seeking an indication of the form of payment of contributions. Once further replies were received, the Treasurer would be in a better position to give the Committee a clearer picture on procedures for such transfers. One representative questioned the need to wait for replies from all countries that intended to pay with promissory notes before developing modalities for transferring such notes to the World Bank.

31. The Executive Committee urged the Treasurer, in collaboration with the World Bank, to put in place modalities for transferring promissory notes from the Treasurer to the Bank, in consultation with the Parties concerned and as and when those Parties informed the Treasurer of their intention to pay their contributions in the form of promissory notes.

32. The Executive Committee also requested the Implementing Agencies to report to the Committee at its Fourteenth Meeting on the possibility of having new projects approved against uncommitted funds that had been allocated for previously approved projects. In that connection, one representative cautioned against the possibility of a double commitment of funds. The same representative said that, if there was a shortfall of funds, the Executive Committee might have to consider approving some projects on a provisional basis, subject to the availability of funding.

33. The Committee requested the Implementing Agencies to review the technology suggested for dormant projects to see if it was still the best available and to advise the countries accordingly, on the understanding that the final decision as to whether to proceed with the project with the original technology would be the prerogative of the country concerned.

34. A number of representatives said that, while they could accept such a procedure as a short-term solution, they would prefer to have a more systemized approach to address the problem of dormant projects. One representative expressed concern about the possible negative signals that might be sent to enterprises if the question of review arose even before project implementation commenced. The London Amendment had been adopted on the clear understanding that funds and technologies would be made available to developing countries and the Committee should act on the assumption that the developed countries would meet the commitments they had undertaken at that time.

35. The Executive Committee requested the Sub-Committee on Financial Matters to meet to consider the biennium 1992-1993 accounts, the financial reports of the Implementing Agencies and, at the same time, the request made by the Open-ended Working Group of the Parties at its tenth meeting for the payment, on a reimbursable basis, of US \$450,000 from the Multilateral Fund to the Trust Fund for the Montreal Protocol for the review of the operation of the financial mechanism.

36. With regard to the request for a loan to the Montreal Protocol Trust Fund, one representative requested the Sub-Committee to bear in mind the statement made on behalf of the Group of Latin American and Caribbean States at the tenth meeting of the Open-ended Working Group. A number of representatives reiterated their understanding that the request by the Open-ended Working Group was for a repayable loan, and that the decision concerning the payment would be confirmed by the Sixth Meeting of the Parties. Those representatives emphasized that the request should in no way be seen as setting a precedent, and expressed the hope that, in future, the Ozone Secretariat would have a complete understanding of the financial requirements arising out of decisions by the Meeting of the Parties.

37. After hearing the report of the Sub-Committee on Financial Matters, the Executive Committee approved a US \$450,000 reimbursable cash advance to the Ozone Secretariat to

enable it to facilitate the study on the Financial Mechanism, and requested the Sixth Meeting of the Parties to the Montreal Protocol to arrange to reimburse the funds to the Multilateral Fund within the course of the 1995 financial year. The Executive Committee placed on record the fact that the cash advance should not set a precedent for similar demands in the future for cash advances from the Multilateral Fund.

38. The Executive Committee also agreed that the Treasurer should be requested to undertake a study on the various options to be adopted on all fronts (Treasurer, Executive Committee, UNEP, Meeting of the Parties to the Montreal Protocol, etc.) to encourage payment of the arrears and generally to make timely payments.

- Biennium 1992-1993 accounts

39. After hearing the report of the Sub-Committee on Financial Matters, the Executive Committee took note with appreciation of the 1992-1993 financial report presented by the Treasurer.

(b) Financial reports of the Implementing Agencies

40. One representative expressed concern about the proliferation of project preparation advances in the financial report of the World Bank. He said that it was time for the Executive Committee to consider how such advances were used and to receive the relevant accounts from the Implementing Agencies and the countries concerned.

41. After hearing the report of the Sub-Committee on Financial Matters, the Executive Committee took note with appreciation of the financial reports of the Implementing Agencies.

#### Agenda item 5: Requests for bilateral assistance

42. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/13/7 and Corr.1 and 2, concerning requests for bilateral contributions.

43. One representative noted that although there had been improvement in requests for bilateral contributions, not all the formats used did, in fact, follow the one approved by the Executive Committee. In addition, two or three requests from United States Environmental Protection Agency were for projects that, once set up, would be transferred to the Implementing Agencies. It was important for Agencies to understand the need to avoid duplication. Project presentation required coordination, needed to avoid overlap and duplication and should make use of resources as efficiently as possible.

44. As concerned the format, the representative of the United States of America indicated that his Government had attempted to use the same format as the Implementing Agencies, both for projects over and for projects less than US \$500,000.

45. In response to a question from one representative, the Chief Officer explained that the request to offset bilateral activities must comply with the guidelines and criteria adopted by the Executive Committee and that amounts must be offset against the year in which they were requested although it was true that no guidelines as to the time of implementation existed.

46. The Executive Committee approved the request of the Government of France, included in document UNEP/OzL.Pro/ExCom/13/7 and Corr.1 and 2, to credit against its 1994 contribution to the Fund US \$44,000 in bilateral assistance for country programme preparation in Mauritania. The Executive Committee requested the Treasurer to credit the amount of US \$44,000 accordingly.

47. The Executive Committee also approved the request of the Government of France, included in document UNEP/OzL.Pro/ExCom/13/7 and Corr.1 and 2, to credit against its 1994 contribution to the Fund US \$30,000 in bilateral assistance for country programme preparation in Vietnam. The Executive Committee requested the Treasurer to credit the amount of US \$30,000 accordingly. Consequently, the UNEP IE/PAC budget for the preparation of the Vietnam country programme was reduced from US \$60,000 to US \$30,000.

48. The Executive Committee approved the request of the Government of Singapore, included in document UNEP/OzL.Pro/ExCom/13/7 and Corr. 1 and 2, to credit against its 1994 contribution to the Fund US \$40,000 in bilateral assistance for the project entitled "Training workshop on CFC-113 and methyl chloroform substitutes and alternative technologies". The Executive Committee requested the Treasurer to credit the amount of US \$40,000 accordingly.

49. The Executive Committee approved the request of the Government of the United States, included in document UNEP/OzL.Pro/ExCom/13/7 and Corr. 1 and 2, to credit against its 1994 contribution to the Fund US \$1,629,000 in bilateral assistance for the following activities, all individually costing below US \$500,000:

Project preparation/technical assistance (Foams), Argentina	US \$105,000
Project preparation (Halons), China	US \$200,000
Halon 1211 management, Ecuador	US \$ 58,000
Cancun Chiller Workshop (Building Chillers), Mexico	US \$ 9,000
Sectoral study project preparation (Refrigeration), Mexico	US \$410,000
Demonstration project (Mobile Air Conditioners), Mexico	US \$120,000

Project preparation (Solvents), Mexico	US \$450,000
Project preparation/technical assistance (Halons), Panama	US \$120,000
8,000 Halon 1211 management/technical assistance, Uruguay	US \$
Demonstration project (Mobile Air Conditioners), Venezuela	US \$ 53,000
Technical assistance (Halons), Venezuela	US \$ 31,000
Low-consuming country refrigerant strategy development, Regional/Latin America and the Caribbean	US \$ 65,000

The Executive Committee requested the Treasurer to credit the amount of US \$1,629,000 accordingly.

#### Agenda item 6: Implementing Agencies

- (a) Progress reports
- Consolidated progress report

50. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/13/8, the consolidated progress report.

51. Having considered the general issues relating to the Implementing Agencies' progress reports identified by the Secretariat during the project review (UNEP/OzL.Pro/ExCom/13/3 and Corr.1/Rev.1, paragraphs 9-14), the Executive Committee endorsed the concerns expressed by the Secretariat on late submission of documentation; on lack of information on ozone protection units; on separating previously reported progress from progress during the reporting period; on development of a reporting format for project supervision; on the low level of disbursement by Implementing Agencies; and on the policy towards balance of funds from completed projects.

- UNDP progress report

52. The representative of the United Nations Development Programme (UNDP) introduced document UNEP/OzL.Pro/ExCom/13/9. After introducing UNDP's expanded delegation, he pointed out that the Executive Committee had approved US \$38.2 million in cumulative project allocations, of which 33 per cent had already been disbursed. Since US \$15.1 million had been approved only in March 1994, if one considered UNDP's 1991 to 1993 work programmes, of US \$23.1 million in project allocations, US \$12.35 million had been disbursed, which was 53 per cent of approvals. A total of 57 activities had been completed including nine country

programmes, training, technical assistance and demonstration programmes in 16 countries, several regional workshops and demonstration programmes in the foams and halons sectors, and seven investment projects. The three investment projects commissioned during the reporting period in Egypt (one) and Malaysia (two) had phased out 95 tonnes of ODS, thus giving a total of 412 tonnes of ODS phased out under UNDP projects. He indicated that US \$202,851 in interest accruals (to end-1992) were available for offset against project approvals for UNDP at the current Meeting. Since certain ODS alternatives posed flammability or toxicity risks, and based on the experience in Egypt where a UNDP-designed fire protection system worked perfectly, he emphasized the importance of adequate safety precautions in such projects. With regard to the global halons project, he expressed his appreciation to the United States Environmental Protection Agency for their close cooperation in activity design and implementation. UNDP would develop a halons sector strategy for small halons consuming countries, which would be done in coordination with other Implementing Agencies, the Fund Secretariat, the United States Environmental Protection Agency, Environment Canada, and at least three participating countries. He also alerted the Executive Committee that several larger developing countries were targeting the small-scale sector for priority in ODS phase-out efforts, which could result in higher ODS phase-out costs per kilogramme. He ended by thanking the Fund Secretariat for its efforts to improve the comprehensiveness of UNDP's progress report.

- UNEP progress report

53. The representative of UNEP introduced document UNEP/OzL.Pro/ExCom/13/10 and Add.1. He said that UNEP's main achievements fell into several categories - information collection and dissemination, training, networking and country programmes. UNEP's mandate - and hence its performance criteria - were different from that of the other Agencies. UNEP would, however, ensure that difficulties encountered would be reported in more detail in the future. With regard to institutional strengthening, he said that UNEP was reviewing its internal procedures, with a view to expediting the completion of project documents.

- UNIDO progress report

54. The representative of UNIDO introduced document UNEP/OzL.Pro/ExCom/13/11. She said that UNIDO had given high priority to formulating projects for which the Executive Committee had already given its authorization. The people responsible for implementation and for formulation were the same, and that made its work somewhat different from that of the other agencies. A policy of balance between disbursements and approvals was required. For that reason, UNIDO had not submitted a large number of amendments to its work programme, but had looked only at projects it could implement. Implementation modalities could be, and had been, discussed with various countries to ensure better cooperation and high quality. Cooperation with other United Nations agencies and the World Bank had shown progress, and there was now excellent cooperation with UNEP, as with the United States Environmental Protection Agency in preparing a strategy for low-consuming countries which would serve as a basis for new projects. Discussions with Germany were also promising. On a point of

clarification, she said that if the projects for the Islamic Republic of Iran, which were being reformulated at the request of the Government, were excluded, UNIDO's disbursement rate would amount to 36 per cent. However, she also informed the Executive Committee that the project on the conversion line at ADVECHEMS in Egypt, approved in June 1993, was going to be finalized by August 1994 and would result in the phasing out of 196 tonnes of CFCs per year.

- World Bank progress report

55. The representative of the World Bank introduced document UNEP/OzL.Pro/ExCom/13/12. He said he was concerned by the comments of the Secretariat that put the Bank's work in a poor light. He hoped that such problems could be avoided in the future. In terms of progress, he said that the Bank was moving towards achieving significant phase-out levels of ODS. Additional grant agreements had been signed and project preparation agreements would allow clients to make significant progress in further elimination of ODS. Disbursements had reached the watershed mark of US \$5 million. It was important to note that disbursements for investments were more difficult to achieve than for workshops which represented shorter time-frame projects. He recalled that, at a previous Meeting of the Executive Committee, Argentina had expressed concern about delays in moving ahead with country programmes and in making arrangements with the Implementing Agencies. Since then, the Bank had assisted the delegation of Argentina so that it was ready to present a country programme at the Thirteenth Meeting, a programme of US \$40-60 million dollars in investment activities. Seven umbrella agreements had been signed or were planned for calendar year 1994 in countries which consumed more than 100,000 tonnes of ODS throughout the world. He pointed out that umbrella agreements allowed larger countries to be enthusiastic about assuming greater responsibility in project approval and phase-out activities under the Multilateral Fund.

56. Following the presentation of the progress reports, one representative said that it would be useful if an updated diskette of the projects in the consolidated progress report could be given to Executive Committee members. With regard to the UNDP progress report, he said that great progress had been made. As concerned UNEP, he said he had heard of very good results of the first UNEP networking workshop held in Latin America and the Caribbean and that it was clear good progress on the preparation of the country programmes of low-consuming countries had been achieved. Still, he expressed concern about the institutional strengthening projects and the time it had taken for them to come on-line. As concerned the UNIDO report, he wished to commend the agency for its excellent documentation. Its work had been very positive, especially in the area of implementation. He noted with satisfaction that the World Bank had used another trust fund for quicker project implementation, which was a good example of leveraging of resources. However, he expressed concern about the Bank's progress report: only two new projects worth US \$2-4 million had been presented, which was less than could have been hoped for. He was also concerned about the lack of detail in the technical reviews presented, particularly in the light of the approval of the new format for such reviews and in view of the amounts of resources involved. Lastly, he pointed out that the World Bank was not working together with the other Agencies on setting up a computerized monitoring system. He

expressed the wish that all the Implementing Agencies should be working together on producing a similar system.

57. Another representative said that the Secretariat had greatly improved its work regarding review of progress reports of Implementing Agencies, which had helped the Executive Committee to do its work. He noted with satisfaction the progress on certain critical issues and believed that UNDP and UNIDO deserved special credit for moving away from transitional substances. One other representative asked for more transparency in reports and pointed out that sometimes disbursements were really made for administrative expenses. He said that, in the future, reports should not include attempts to make the Executive Committee believe things were different from reality and that the Secretariat should not be obliged to waste its time uncovering misrepresentations.

58. The Executive Committee took note with appreciation of the Implementing Agencies' progress reports, endorsing the comments made by various representatives and the recommendations of the Secretariat with regard to each report.

59. In response to the concerns expressed on complementarity of reporting systems, the representative of the World Bank pointed out that the monitoring system which the Bank had set up was part of its own much larger management system. The World Bank was fully prepared to provide information on the system to the other Implementing Agencies, but any coordination of such monitoring systems was properly the role of the Secretariat. He recalled that the Secretariat had been asked at the Twelfth Meeting of the Executive Committee to present the Bank with a uniform format for its reports. Since the Secretariat had not yet done so, the Bank was not yet in a position to present its reports in a uniform manner. He also recalled that the Fifth Meeting had stipulated in the context of the line of grant approved for Mexico at that meeting that the Bank was to provide project documents for projects of over US \$500,000, but not for those of a lower value. With regard to the recommendation that the World Bank should provide all effective agreements to the Executive Committee, he pointed out that those were confidential legal documents. On the other hand, all of the technical details and specifications of projects were available through the Internet.

60. The representative of the World Bank presented the Bank's note on an implementation strategy for the preparation and processing of small Montreal Protocol investment operations through an umbrella grant agreement (UNEP/OzL.Pro/ExCom/13/12, attachment C). He said that major streamlining effort had been undertaken, with approvals no longer being given project-by-project but on the basis of umbrella agreements covering a period of two to three years. In the past, the greatest time-lag in connection with projects above US \$500,000 had been that between Executive Committee approval and grant approval. With the advent of umbrella agreements, that time-lag should be eliminated. It was now proposed that approval should be delegated to the World Bank, subject to the understandings between the Bank and the Executive Committee, for projects below US \$500,000. That would have the effect of reducing the average time-lag between identification of a project and disbursement of funds from the present 15 to 39 months, to between 5 and 11 months. The first step of the proposed approval procedure would be the creation of an umbrella agreement, containing a letter of implementation

strategy which would be submitted to the Executive Committee with a request to amend the work programme for the amount of a first tranche. Then, the Bank would approve projects below US \$500,000, subject to standard appraisal procedures already in existence. Approval would be notified to the Secretariat for information. Subject to satisfactory performance with the first tranche, replenishing tranches would be requested subsequently, up to the ceiling of the umbrella agreement.

61. One representative pointed out that the proposed procedure was one which the donor countries had never sought for themselves. He also said that many factors contributed to the time-lag up to disbursement, that approval by the Executive Committee was not the major cause of delay, and that with approvals being given between Meetings, that particular lag would in any event become much shorter. He suggested that the World Bank should examine other points in its approval process where time might be saved. Thirdly, while the Executive Committee had approved the establishment by the World Bank of a US \$4 million line of grant in Mexico, in the 2 and a half years that it had been in place, only about US \$1,500,000 in projects had come into being, suggesting that the proposed World Bank procedure might not significantly speed up the process either. While he looked forward to a time when the Executive Committee could delegate much of the responsibility for approvals to the Implementing Agencies, some additional conditions were needed before that could occur, notably clear guidelines issued by the Executive Committee for the Implementing Agencies, and a degree of trust that the Implementing Agencies would interpret those guidelines in the way that the Executive Committee intended.

62. A number of other representatives made similar remarks, and the Chairman suggested that an alternative proposal for a small-scale projects approval process be prepared.

63. The representative from the United States of America subsequently introduced a proposal for an expedited process for approval of projects under US \$500,000. He said that the only significant difference between the proposal and that submitted by the World Bank was that under the United States proposal the project approval process would take approximately three weeks longer. However, the proposed additional time would allow the Executive Committee to maintain its oversight. Moreover, negotiations with Article 5 countries would help to develop highly cost-effective projects and ensure that the World Bank and the country were dealing with fair costs. He suggested that the process should be tested by the Executive Committee for a period of six months, after which it would be reevaluated.

64. One representative raised the issue of the World Bank's authority to proceed autonomously. He said that the proposal of the United States of America was a useful compromise but should be used only in exceptional cases. Another representative stated that elements of both the World Bank and United States proposals were attractive because they would lessen the Executive Committee's workload, might lead to faster implementation of projects and would build trust between the Executive Committee, the Implementing Agencies and their partners. Another representative said that while the Bank had the authority to approve projects, the authority to approve the budgets lay with the Executive Committee. The Bank clarified that its proposal sought project approval, not budget approval, authority.

65. The representative of the World Bank felt that the United States proposal was unnecessary because safeguards were already included in the proposal the Bank had put forward.

66. The representative of the United States said that his delegation's proposal had attempted to use the sound points in the World Bank's proposal.

67. Responding to a query from a representative relating to no-objection approvals, the Chief Officer indicated that the World Bank had presented project proposals for approval under that new modality. He provided details on the timetables applying to each proposal and how each had finally been handled.

68. The Executive Committee thereupon approved the expedited process for approval of projects under US \$500,000, as proposed by the United States, the major steps for implementation of the streamlined mechanism being as follows:

- (a) The testing Implementing Agency would negotiate with an Article 5 country an agreement which would include sector specific cost-effectiveness boundaries which would serve as an incentive for the development of highly cost-effective projects which are eligible for expedited Fund approval of projects under US \$500,000;
- (b) The agreement would then be presented to the Executive Committee so that it may assure itself that the cost-effectiveness boundaries would ensure that the agreement would serve as an incentive for the submission and approval of highly cost-effective projects;
- (c) Projects submitted under this process would have to meet normal, under US \$500,000 information requirements, but would be reviewed by the Secretariat only for the following matters: presentation of new policy issues and consistency with Executive Committee guidelines and precedents. All projects found to be inconsistent with this criteria would be held over until the next Executive Committee meeting. All projects found to be consistent with these matters would, within 10 days of submission to the Secretariat, be sent to the members of the Executive Committee for their review and approval on a no-objection basis;
- (d) The members of the Executive Committee would be given five business days from the time of receipt of the documents to request that a particular project be held over for consideration by the Executive Committee. No response in that time would be taken as approval of the project;
- (e) Upon the expiration of the review period, the Secretariat would inform the Agency of the results of the review by the Executive Committee. The Secretariat would also request the Treasurer to advance funds to the

Implementing Agency to facilitate the expeditious implementation of approved projects.

69. The Executive Committee agreed upon a testing period of six months for the new mechanism.

70. The Executive Committee noted that the World Bank had already obtained from its Legal Officer confirmation that it had legal authority to approve projects under US \$500,000. It was assumed that Committee members and the Secretariat would wish to obtain similar confirmation.

71. The Executive Committee welcomed the proposal of the World Bank to present a draft umbrella agreement with India to the Committee at its Fourteenth Meeting.

(b) Work programme amendments

- UNDP

72. The Committee considered the recommendations of the Sub-Committee on Project Review and approved the following amendments to the 1994 UNDP work programme for a total amount of US \$5,517,564, including US \$634,764 as support costs for UNDP.

<u>Country</u>	<u>Project</u>	<u>Approved amount</u> <u>US \$</u>
Argentina	Technical assistance to prepare a National Halons Programme	50,000
China	Elimination of CFC-12 in the manufacture of EPE foam sheet at Danshui Huaya Plastics Industries Co. Ltd.	241,000
	Elimination of the use of CFC-113 in the electron gun final cleaning processes at the Tianjin Picture Tube Factory	0
	Elimination of the use of TCA (methyl chloroform) at the Baoshi Electronics Corporation Shjiazhuang Manufacturing Operations	0

<u>Country</u>	<u>Project</u>	<u>Approved amount</u> <u>US \$</u>
	<p>The Twelfth Meeting of the Executive Committee approved a project on ODS-free cleaning equipment manufacturing centre, and decided that further project proposals requesting cleaning equipment in the solvent sector in China would be considered within the context of the project. Therefore, the Committee at its Thirteenth Meeting agreed that no decision be taken on these projects at this time, leaving parties concerned free to consult with one another with a view to clarifying the issues so that when a decision was finally taken there would be a clear agreement on their intent. In the Sub-Committee on Project Review, the representative of UNDP stated that implementation of the approved ODS-free Cleaning Equipment Manufacturing Centre project had not started and would not start until these issues were resolved within the context of China's solvent sector strategy.</p>	
Cuba	Development of an ODS phase-out strategy in the refrigeration sector	30,000
	Demonstration of fire extinguishing methods using alternative agents	Withdrawn
India	Phase out of CFCs in the manufacture of phenolic foam and foam products at Bakelite Hylam Limited	367,000
	Phase out of CFC use in the manufacture of polyurethane foams at U-Foam Private Ltd.	328,500
	Strategy and action programme for the elimination of CFCs in the manufacture of foams	200,000
	<p>The Executive Committee further agreed that:</p> <p>(a) A strategy should provide a finite time-frame for the phase-out in the sector;</p> <p>(b) It should identify major foam producers, their link with local CFC (and alternative blowing agent) producers and polyol producers;</p> <p>(c) It should provide the ODS phase-out action plan for small-scale CFC users;</p>	

<u>Country</u>	<u>Project</u>	<u>Approved amount</u> <u>US \$</u>
	(d)	
	(d) Training and information workshops should be followed by project identification activities; and	
	(e) UNDP should provide a report about the progress of this project.	
	Demonstration and evaluation of alternative technology for halon fire protection system and technical assistance for sectoral strategy for ODS phase-out	309,000
Malaysia	Elimination of CFC-11 in the manufacture of rigid polyurethane foam panels for cold storage at Wong Brothers Electrical and Refrigeration Sdn.Bhd.	299,000
	Elimination of CFC-11 in the manufacture of commercial refrigerators at Pangkat Refrigeration Industries Sdn.Bhd.	210,000
	Elimination of CFC-11 in the manufacture of polyurethane foams for pipe insulation at Allied Foam Insulation	276,000
	Elimination of CFC-11 in the manufacture of cold cure molded flexible polyurethane foams at Eversoft Foam Industries Sdn Bhd.	185,000
	Elimination of CFC-11 in the manufacture of cold cure molded flexible polyurethane foams at Nian Aik Foams Sdn.Bhd.	245,000
	Elimination of CFC-11 in the manufacture of flexible polyurethane foam at Phoenix Base	165,000
	Elimination of CFCs in the manufacture of commercial refrigeration products at Lian Pang	201,100*
	Elimination of CFCs in commercial refrigeration products at United	351,200*

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\* The operating cost component of this project should be adjusted on the basis of the costs prevailing following the start of operations, as reflected in paragraph 159 (b).

<u>Country</u>	<u>Project</u>	<u>Approved amount</u> <u>US \$</u>
Panama	Elimination of CFC-11 in the manufacture of flexible and rigid polyurethane foams in Plastifoam S.A., Profomsa and Thermofoam S.A.	155,000
Peru	Project preparation assistance	100,000
Philippines	Phase out of CFCs in the manufacture of flexible PUF (slabstock) at Foamcraft	185,000
	Phase out of the use of CFCs in the manufacture of polyurethane insulated building elements at Metal Forming Corporation	305,000
	Elimination of the residual use of CFCs in the manufacture of extruded polystyrene foam sheets at Styrotech Corporation	60,000
Thailand	Elimination of the use of CFCs in the manufacture of extruded polystyrene foam sheet at Ponsri	340,000
Uruguay	Conversion to CFC-free technology in the manufacture of flexible polyurethane foam	200,000
	In addition to its final approval for the amount of US \$200,000, the Executive Committee requested UNDP to develop a strategy on how to deal with enterprises with very low-ODS consumption and requesting capital costs equivalent to those of large-ODS consumers.	
	Project preparation assistance	30,000
	Technical assistance for the implementation of the National Programme for the Management and Banking of Halon	Withdrawn
Global	Analysis and formulation of a halon action plan and phase-out strategy for small consuming countries.	50,000
<b>Subtotal</b>		<b>4,882,800</b>
	13 per cent project support costs	634,764
<b>Total</b>		<b>5,517,564</b>

- UNEP

73. The Committee considered the recommendations of the Sub-Committee on Project Review and approved the following amendments to the 1994 UNEP work programme for an amount of US \$535,405, including US \$61,595 as support costs for UNEP:

<u>Country programme preparation</u>	<u>Approved Amount</u> <u>(US \$)</u>
1. Benin	35,000
2. Honduras	40,000
3. Nicaragua	40,000
4. Papua New Guinea	40,000
5. Saint Lucia	30,000
6. Vietnam	30,000
 <u>Training activities:</u>	
1. Training for refrigeration and air conditioning technicians in Côte d'Ivoire	76,000
2. Support to national training activities	60,000
 <u>Technical assistance project</u>	
1. Côte d'Ivoire Institutional Strengthening	122,810
<b>Subtotal</b>	<b>473,810</b>
13 per cent project support costs	61,595
<b>Total</b>	<b>535,405</b>

- UNIDO

74. The Committee considered the recommendations of the Sub-Committee on Project Review and approved the following amendment to the 1994 UNIDO work programme for an amount of US \$16,950, including US \$1,950 as support costs for UNIDO.

<u>Country</u>	<u>Project</u>	<u>Approved amount</u>
Egypt	Preparation of investment project on ODS phase-out for four additional refrigerator manufacturers in Egypt	15,000
<b>Subtotal</b>		15,000
	13 per cent project support costs	1,950
<b>Total</b>		<b>16,950</b>

- World Bank

75. The Committee considered the recommendations of the Sub-Committee on Project Review and approved the following amendments to the 1994 World Bank work programme for an amount of US \$2,520,960.

<u>Country</u>	<u>Project</u>	<u>Approved Amount</u> <u>US \$</u>
Argentina	Institutional strengthening	359,500
Brazil	System for storage and charging of ester oils used in manufacture of HFC-134a refrigerant refrigerator compressors at Empresa Brasileira de Compressors (EMBRACO)	221,200 <sup>1</sup>
China	Conversion to CFC-free technology in manufacture of extruded polyethylene and polystyrene foam sheet at Shanghai No.18 Plastics Product Plant	450,000
	Fire extinguisher product conversion from Halon 1211 to ABC dry chemical at Benxi Fire Equipment Factory, Liaoning	0

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<sup>1</sup> See paragraph 82.

<u>Country</u>	<u>Project</u>	<u>Approved Amount</u> <u>US \$</u>
	The Committee agreed that loss of profit is not considered an eligible operating incremental cost. It further decided to defer approval of the project until operating savings are calculated and taken into account when determining the grant amount for the above-mentioned project.	
India	Conversion of CFC-12 open-type compressor designs for use of HCFC-22 refrigerant at Freezeking Industries Pvt. Ltd.	240,500
Indonesia	Elimination of CFC-11 in the manufacture of flexible polyurethane foam (slabstock) at P.T. Erlangga Trimanunggal Kusamah	379,000
	Elimination of CFC-11 in the manufacture of flexible polyurethane foam (slabstock) at P.T. Royal Abadi Sejahtera	237,500
	ODS phase-out investment project preparation	170,000
Thailand	Production of HFC-134a mobile air-conditioner parts at Nippondenso	141,500
	The Committee decided that the utilization of CFC-12 equipment for production of spare parts should be checked at the appraisal stage. If the CFC-12 equipment is used for production of CFC-12 spare parts the cost of this equipment should be evaluated and the grant amount should be adjusted accordingly. The Executive Committee should be reported to on this matter.	

<u>Country</u>	<u>Project</u>	<u>Approved Amount</u> <u>US \$</u>
	Conversion of Electronic Cleaning Process from CFC-113 to High-Purity Water Cleaning at Team Tronics Co., Ltd.	221,760
	The Executive Committee requested the World Bank to calculate incremental operating costs (savings) taking into account the comments by the Secretariat at the appraisal stage and to report back to the Executive Committee.	
Turkey	ODS phase-out investment project preparation	100,000
	<b>Total Project Costs:</b>	<b>2,520,960</b>

76. The Project Review Sub-Committee had recommended that approval of the World Bank work programme amendment relating to the system for storage and charging of ester oils used in the manufacture of HFC-134a refrigerant refrigerator compressors at EMBRACO, Brazil, should be deferred until the policy issues regarding export of compressors were resolved. In response to a request by the representative of Brazil, who was not a member of the Sub-Committee and hence was not aware of the considerations that had led to the recommendation, the following explanation was given. Paragraph 1(a) of the Indicative List of Categories of Incremental Costs under the Montreal Protocol included the term "deindustrialization and loss of export revenues" only in the sentence dealing with the production of controlled substances. The project under discussion did not fall under that category but rather related to production of an intermediate good. This was the only place in the Indicative List where mention was made of "deindustrialization and loss of revenues". Intermediate goods were dealt with in a separate section of the Indicative List, where no mention was made of those aspects. The Sub-Committee had considered recommending approval of the project with the understanding that the policy issue would be dealt with in future and that in the meantime no similar projects would be considered. However, it had then been pointed out that this project was, in fact, a request for retroactive payment, and that deferral of approval would in no way frustrate the advancement of the phase-out.

77. One representative took issue with the interpretation just given to paragraph 1(a) of the Indicative List, which he contended did not reflect the intent of those who had negotiated it. As one of those, he believed that the reference to deindustrialization and loss of revenues did not, in fact, apply only to production of CFCs. He regretted the attempt to start making interpretations, since this could only complicate the Committee's work. He was concerned with what was happening: it seemed that the countries not operating under Article 5 were going back on commitments previously given, and that could only create serious problems, which the Parties

would have to deal with. There was evidence of a double standard here: the EMBRACO project was not being recommended for approval, whereas another project - which also dealt with exports - was, with a caveat. Was approval of the EMBRACO project being deferred because it represented a repayment? If so, he would argue that if an enterprise went ahead on its own it should not be penalized.

78. In response, a member of the Sub-Committee explained that a major cause for concern to the Sub-Committee had been the question of exports of a product which was tied in to the Montreal Protocol. It dealt with something that only existed under the Protocol and which was mainly exported. EMBRACO, a very large enterprise, would be subsidized for the totality of its production. It would have lower costs compared to its competitors in the export market and, if it sold at market prices, its profits would be greater than those of its competitors. On the other hand, if because of the subsidies it had received it sold at a lower price than its competitors, it would win over an additional share of the market that it could be argued properly belonged to the competitors. That was why the Sub-Committee had recommended deferral of approval. Referring to the earlier exchange concerning interpretation of paragraph 1(a) of the Indicative List, he pointed out that what was involved was not in fact a case of avoiding deindustrialization but rather retroactive funding for a business which had already taken the necessary initiative, and subsidization of export production. Therefore it was not possible to come to a definite conclusion on the basis of that paragraph. He supported the Sub-Committee's suggestion to defer approval until all of the problems referred to had been examined on the basis of the Secretariat's document and resolved by the Executive Committee. Alternatively, a compromise would be acceptable to him whereby the 30 per cent of the product destined for domestic use (which would therefore be eligible) would be approved.

79. Another representative cautioned against taking decisions on the basis of interpretation. The Indicative List had been drawn up most carefully and was not open to interpretation. On the other hand, he recognized that this was not a totally straightforward project and therefore endorsed the compromise solution just advanced. The policy issues should be dealt with quickly and the outstanding elements then brought back to the Executive Committee.

80. Another representative agreed that the only reference to loss of export revenues in the Indicative List was that in paragraph 1(a). There was no other place in the list nor were there any specific guidelines from the Parties that would justify disapproval of the project. In the absence of rules against, one must be in favour. The Committee must not lose sight of the ultimate objective, which was to protect the ozone layer, in deciding how relatively small amounts of money should be allocated. Any project that would tend to phase out ODS must be approved. The EMBRACO project was a small one in terms of money but very large and important from the point of view of building confidence in Brazil concerning the Fund's capacity to assist not only in the refrigeration sector but all of the enterprises included in the country programme. Referring to the suggested compromise, he pointed out that the issue was not one of 30 per cent but rather 70 per cent - 40 per cent destined for export to Article 5 countries and 30 per cent for domestic consumption in another Article 5 country, namely Brazil. Finally, he associated himself with the remarks of a previous speaker, which were very pertinent, relating to the danger of establishing a double standard in the Committee's decisions.

81. One representative suggested that the recommendation for deferral had been based on considerations that were not strictly within the Montreal Protocol - namely, the commercial implications of the project. He would urge that, in considering these projects, the Committee confine itself strictly to the Protocol and the guidelines contained therein. He would also urge it to make as liberal an interpretation as possible of the whole of paragraph 1 of the Indicative List, and not to interpret it as relating only to production of chemicals. In seconding these remarks, another representative suggested that the Committee approve the compromise proposal. Still another believed that any project established in accordance with a set of established rules -as the EMBRACO project was - should be approved. If those rules and criteria were later changed, the revised rules should apply only to projects presented in the future.

82. The representative who had originally presented the compromise solution suggested that if it was accepted it must be made clear to EMBRACO and be reflected in the project documents that the share of EMBRACO production exported to Article 5 countries should be at a price that took into account funding from the Multilateral Fund. Secondly, there must be no double-counting and, in particular, the assistance given by the Multilateral Fund to refrigerator manufacturers based in the Article 5 countries supplied with compressors from EMBRACO should take account of the subsidy given to EMBRACO. A third condition was that no new projects could be presented to the Executive Committee until the policy issues raised by the EMBRACO project had been studied and decided upon by the Executive Committee. In that light, the Secretariat would prepare a document. Finally, in a spirit of compromise, he would be willing to amend his suggestion and to accept the initial proposal from the Secretariat - namely, to approve 79 per cent of the project costs.

83. In supporting this last suggestion a representative emphasized that it must be made clear that the decision was being taken on the merits of the proposal, based on the facts and figures before the Committee, not on emotional grounds or (as had been mentioned by several speakers) because this was the first project put forward by Brazil, that it had been pending for two years, and that there was a psychological advantage to be gained from its approval. The Secretariat's original proposal could now be approved, with the understanding that a policy paper would be prepared on the question of commercial interests so that the Committee could draw an appropriate line in future.

84. Another representative said that the Committee had previously approved without objection dozens of projects where part of the production or output was exported. Secondly, the only policy decision taken by the Committee to date in the field was that not eligible for funding were those projects or enterprises in Article 5 countries which exported to non-Article 5 countries exclusively - industrial complexes financed by developed countries to supplement their national consumption. Guidelines existed in the Committee excluding those enterprises (the only case where some sort of policy existed). Thirdly, it was of utmost importance that, in legislating for the future, consideration be given to the retroactive effects this might have on the Executive Committee.

85. The Executive Committee approved the project, subject to the conditions set out in paragraph 82 above, in the amount of US \$221,200, which represented 79 per cent of the requested funding and reflected the share of EMBRACO's production which is utilized in Article 5 countries.

Agenda Item 7: Country programmes

86. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/13/17 - UNEP/OzL.Pro/ExCom/13/24.

87. The representative of Argentina introduced the country programme of Argentina (UNEP/OzL.Pro/ExCom/13/17).

88. The Executive Committee approved the country programme of Argentina. However, approval did not denote approval of the projects listed therein or their funding levels.

89. The representative of Brazil introduced the country programme of Brazil (UNEP/OzL.Pro/ExCom/13/19).

90. The Executive Committee approved the country programme of Brazil. However, approval did not denote approval of the projects listed therein or their funding levels.

91. The representative of UNDP introduced the country programme of Kenya (UNEP/OzL.Pro/ExCom/13/20).

92. The Executive Committee approved the country programme of Kenya. However, approval did not denote approval of the projects listed therein or their funding levels.

93. The Executive Committee also approved the country programmes of Botswana (UNEP/OzL.Pro/ExCom/13/18), Seychelles (UNEP/OzL.Pro/ExCom/13/21), Uganda (UNEP/OzL.Pro/ExCom/13/23), and Zimbabwe (UNEP/OzL.Pro/ExCom/13/24).

94. However, approval did not denote approval of the projects listed therein or their funding levels. It also approved the following amounts for institutional strengthening projects: US \$90,200 in Botswana, US \$31,900 in Seychelles, US \$64,515 in Uganda, US \$171,050 in Zimbabwe, and US \$46,496 for project support costs for UNEP.

95. The Executive Committee did not approve the country programme of Slovenia, finding that as that country's per capita consumption of controlled substances was 0.57 kg, it was in breach of paragraph 1 of Article 5 of the Montreal Protocol.

96. The Executive Committee requested the Governments of Argentina, Brazil, Kenya, Botswana, Seychelles, Uganda and Zimbabwe to provide information on the progress of the country programmes within one year of their approval, i.e. on 31 July 1995 and annually on the 31st day of July of each subsequent year.

97. A representative of the Secretariat introduced paragraphs 22-27 of document UNEP/OzL.Pro/ExCom/13/3 and Corr.1/Rev.1, which concerned country programmes and, in particular, base-year consumption data of controlled substances, data reporting, projects in

country programmes, halon recycling and banking, retrofitting of refrigeration equipment, and policy towards funding projects to maintain strategic stocks of ODS.

98. With regard to the issue of base year consumption data of controlled substances, the Executive Committee agreed that Implementing Agencies should be requested to expand the scope of data collection during the country programme preparation to cover the base years for respective ODS.

99. With regard to the issue of data reporting, the Executive Committee agreed that Implementing Agencies should advise Article 5 Parties to report their data to the Ozone Secretariat as required by Article 7 of the Protocol following completion of the country programmes.

100. With regard to the issue of projects in country programmes, the Executive Committee agreed that projects that were developed as part of the process of country programme preparation and included in the country programmes for approval by the Executive Committee should first be discussed with the designated Implementing Agency and, where necessary, a technical review obtained from the agency and attached to the project before submission.

101. With regard to the issue of halon recycling and banking, the Executive Committee recommended that UNEP and UNDP should examine how arrangements could be made for a regional or national approach to such recycling and banking, depending on the specific circumstances of the country involved.

102. With regard to the issue of retrofitting of refrigeration equipment, the Executive Committee agreed to recommend that countries should be given appropriate advice and training so they could appreciate the implications of a phase-out of ODS in that sector.

103. With regard to the issue of policy towards funding projects to maintain strategic stocks of ODS, some representatives supported the Secretariat's proposal that Implementing Agencies should discourage, as an ineligible activity under the Fund, the inclusion in country programmes of requests for funding to maintain strategic stocks of ozone depleting substances before those substances were phased out. One representative said that, given the long grace period available to Article 5 countries, it was premature to address the issue of stockpiling, while another considered that local arrangements could be made at low costs to improve management and recycling processes. Another representative, however, expressed the view that if the maintenance of strategic stocks of ODS became an ineligible activity, it would cause great inconvenience to small developing countries, since some essential uses would remain after the phase-out date. In addition, he said that the maintenance of strategic stocks was an activity that arose from the provisions of the Montreal Protocol, the incremental costs involved should be eligible for funding.

104. The Executive Committee decided to take note of the recommendation and the views expressed and requested the Implementing Agencies to bear them in mind in country programme preparation.

Agenda item 8: Project proposals

105. The Executive Committee considered the recommendations of the Project Review Sub-Committee and took the following actions.

Argentina

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

	<u>Approved amount</u> <u>US \$</u>
Investment project for phasing-out of ODS at Bandex S.A.	517,630
Investment project for phasing-out of ODS at Celpack S.A.	503,094
Plus 13 per cent project support costs to UNIDO	132,694

Cameroon

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

	<u>Approved amount</u> <u>US \$</u>
Investment Project for Phasing-out of CFCs at FAEM S.A.	1,935,860
Plus 13 per cent project support costs to UNIDO	251,662

China

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

	<u>Approved amount</u> <u>US \$</u>
Conversion to non-CFC technology in the manufacture of flexible and integral skin polyurethane foam at Yanfeng	670,000

	<u>Approved Amount</u>
	<u>US \$</u>
Elimination of CFC-11 in the manufacture of rigid polyurethane foam products at Tianjin Polyurethane Plastic Plant	690,000
Plus 13 per cent project support costs to UNDP	176,800

109. The Executive Committee approved the following projects to be implemented by the World Bank and the funds indicated:

	<u>Approved amount</u>
	<u>US \$</u>
Conversion to CFC-free technology in the manufacture of rigid polyurethane pipe insulation at Shanghai N1 6 Plastic Product Plant	687,000

110. Subject to the conditions appearing in paragraph 111, the Executive Committee approved the following projects to be implemented by the World Bank and the funds indicated:

	<u>US \$</u>
Application development for conversion of compressor manufacturing to HFC-134a rotary compressor designs at Shanghai Refrigerator Compressor Co. Ltd.	1,280,000
Engineering assistance for conversion of refrigerator manufacture to HFC-134a refrigerant with rotary compressors at Shanghai Shangling General Refrigerator Factory	1,327,000
Engineering assistance for conversion of refrigerator manufacture to HFC-134a refrigerant with Tecumseh designed HFC-134a compressors at Hua Yi Electrical Appliance General Co.	1,368,000
Engineering assistance for conversion of refrigerator manufacture to a ternary blend refrigerant (MP-39) using conventional compressors at Shanghai Shanglu Electrical Appliances Co. Ltd.	1,010,000
Engineering assistance for conversion of refrigerator manufacture to use of HFC-152a refrigerant using conventional compressors at Wanbao Electric Appliance Industrial Corp.	1,360,000

	<u>Approved amount</u> <u>US \$</u>
Engineering assistance for conversion of refrigerator manufacture to HFC-152a/HCFC-22 blended refrigerant in conventional compressors at Chang Ling (Group) Co. Ltd.	853,000

111. The projects listed in paragraph 110 were approved on the following conditions:

- (a) Results of developmental research on refrigerants: HFC-152a, MP-39 and HFC-152a/HCFC-22 should be made available at no cost to other Article 5 countries upon request;
- (b) As per a communication from the Government of China, compressors for blends and HFC-152a could be used without redesigning. Therefore, requests for funding of redesign of compressors for these refrigerants should not be approved in the future;
- (c) Existing lines for production of CFC-12 compressors and refrigerators, to the extent that they or their component equipment are replaced through project implementation, should be scrapped once projects are implemented;
- (d) Efficient use of testing equipment provided for in these projects that are not required for transition to non-ODS technologies should be made available to other enterprises either directly or through required testing centres upon project completion;
- (e) The approval of allocations is contingent on the development of cost-effective sectoral strategy to maximize the Fund's impact on ODS phase-out.

112. The Executive Committee approved the following project to be implemented by the World Bank and the funds indicated:

	<u>Approved amount</u> <u>(US \$)</u>
Halon 1211 production closure (Tongxiang Chemical Fertilizer Factory)	838,000

Approval was contingent on a permanent decrease in the total annual actual national halon production at a level of at least 400 tonnes below current levels as indicated in the project. This approval did not set a precedent with respect to policy issues raised by the project with respect to ODS production facility closure or treatment of foregone profits. The Executive Committee requested the Implementing Agencies and the Fund Secretariat to prepare jointly a document on

all issues related to closure of halon production facilities, considering, *inter alia*, dismantling of equipment and demolishing facilities, profit reductions due to the shut-down, and salary compensations.

113. The Executive Committee also approved the following project to be implemented by the World Bank and the funds indicated:

	<u>Approved amount</u> <u>(US \$)</u>
Aerosol CFC-12 substitution and conversion project at China Aerosol Industry Southern Filling Centre (Zhongshan Fine Chemical Industrial Limited)	1,351,360

114. The Sub-Committee on Project Review's recommendation of the above project was the subject of a question raised by one representative who did not understand why an addendum had been added to the Sub-Committee's report. He pointed out that the Secretariat had made recommendation to the Sub-Committee which should have been accepted without changes.

115. The Chief Officer concurred that the original figure recommended by the Secretariat for the project was lower than the figure now proposed. The World Bank had been in contact with the Government of China and had learned that transportation costs which small aerosol filler contractors had incurred had not been included in the original proposal. The World Bank subsequently adjusted the project incremental costs to take into account the full savings and transportation costs. For that reason, the new figure of US \$1,351,360 was correct.

116. The representative who had raised the question said his Government would support the project, but with reluctance, since the recommendation had been circulated for several weeks and the Implementing Agency had had time to discuss it with the Sub-Committee. He wished the record to indicate his Government's opinion that last minute changes should not be necessary.

117. The Chairman asked all Implementing Agencies to take the statement into consideration. The Committee then decided that the World Bank should determine incremental savings according to the Committee's guidelines.

118. The Executive Committee further decided to defer approval of the project Fire Extinguisher Production Conversion from Halon 1211 to ABC Dry Chemical (Zhuzhou Fire Equipment Factory) until operating savings were calculated and taken into account when determining the grant amount for the project.

### Colombia

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

	<u>(US \$)</u>
Elimination of the use of ODS in the polystyrene foams sector at: a) Ajover, b) Inaldes	1,072,000
Elimination of CFC in the manufacture of domestic refrigerators in Colombia at household refrigerator companies: a) Corelsa, b) Haceb, c) Icasa, d) Polarix, e) Andinos (Compressor Manufacturer)	4,808,900*
Plus 13 per cent project support costs to UNDP	764,517

Egypt

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

	<u>Approved amount</u> <u>(US \$)</u>
Phasing out ODS at the Refrigerator Plants of DELTA Industrial Co.	2,611,986
Phasing out ODS at the KIRIAZI Refrigerators Manufacturing Co.	1,643,040
Phasing out ODS at the Electrostar for Refrigeration Co.	1,450,585
Plus 13 per cent project support costs to UNIDO	741,729

India

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

	<u>Approved amount</u> <u>(US \$)</u>
Conversion of electronic cleaning processes from ODS solvents to aqueous cleaning at ITI Mankapur	610,160
Plus 13 per cent project support costs to UNIDO	79,321

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\* The operating cost component of this project should be adjusted on the basis of the costs prevailing following the start of operations, as reflected in paragraph 159 (b).

122. The Executive Committee approved the following project to be implemented by the World Bank:

	<u>Approved amount</u> <u>(US \$)</u>
Replacement of CFC-11 blowing agent in polyurethane (PU) foam systems with low and non-ODS materials at Expanded Inc.	502,130

Approval of the above-mentioned project was granted on the conditions that:

1. testing equipment provided for in this project should serve the foam producers. Therefore, future requests for testing in the foam sector should be carefully examined, taking into consideration testing equipment already approved under this project;
2. incremental operating costs to be incurred as a result of the use of new polyol systems by the foam manufacturer should be carefully assessed to avoid double counting.

123. The Executive Committee approved the following project to be implemented by the World Bank:

	<u>Approved amount</u> <u>US \$</u>
Conversion of process for manufacture of disposable syringes from EO/CFC-12 to EO/CO <sub>2</sub> sterilisation and direct siliconization at Hindustan Syringes and Medical Devices Pvt. Ltd.	481,000

The Executive Committee decided to approve the sterilization component of the Hindustan project but not to approve the siliconization part of the project due to lack of information on the existing baseline and to its relatively poor cost-effectiveness. As to whether to fund the 20 per cent of production exported to non Article 5 countries, the Committee decided to request the Secretariat to develop a policy paper on issues dealing with exports. Approval of this project did not constitute a precedent and would not prejudice any decision that might be taken in future projects dealing with exports.

124. The Executive Committee further decided to defer approval of the project Conversion from Halon 1211 to ABC-DCP portable extinguisher manufacturing at Real Value Appliances Limited, India until operating savings were calculated and taken into account when determining the grant amount for the project.

125. With regard to the proposal on the Indian Halon Management and Banking system, the Executive Committee decided that the project should be deferred, until a national halon phase-out strategy had been developed. It requested UNDP to address the needs of establishing a halon bank system while developing the national strategy.

126. A strong view was expressed by one member that UNEP IE/PAC should not involve itself in developing similar projects with investment components in other countries, since such activities were outside its terms of reference. However, other representatives disagreed with that position.

127. The representative from India stated that the need for a halon banking system was specifically identified in the India country programme. Establishment of a halon banking system would encourage producers to look for alternatives for non-essential uses. Deferring the project might only result in increased consumption of halon. Further development of a strategy and action plan could be done by the UNDP project, and those projects were complementary to each other. Both the projects could and should be started together. The project was consistent with other projects approved by the Executive Committee. His delegation is of the view that involvement of UNEP in the project was consistent with the role assigned to it by the Meeting of the Parties.

128. One representative said he had no objection to the Secretariat's recommendation that the project should be deferred until a national halon phase strategy was developed and that he had requested UNDP to address the needs of establishing a halon bank system while developing the national strategy. He did not, however, agree with the member who had stated that UNEP IE/PAC should not involve itself in developing similar projects since such activities were outside its terms of reference. He said that, in the future, should conferences or workshops on halon be desired, UNEP could, indeed, act as an Implementing Agency since non-investment projects such as this one were part of its competence. It was true that investment projects were the competence of the World Bank, UNDP and UNIDO but because of the nature of the halon management and banking system project, the objection to UNEP's involvement was not valid as no restrictions had ever been placed on UNEP in the area in question.

129. Another representative concurred and said that he saw a role for UNEP in communication, education and institutional strengthening and did not want to give the impression that the Executive Committee endorsed total exclusion of UNEP.

#### Jordan

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

	<u>Approved amount</u> <u>(US \$)</u>
Phasing-out ODS at National Refrigeration Co.	813,887

	<u>Approved Amount</u> <u>US \$</u>
Phasing-out ODS at Middle East Electrical Industries Co. Ltd	883,153
Phasing-out ODS at the Household Appliances Manufacturing Co.	775,602
Plus 13 per cent project support costs to UNIDO	321,443

### Malaysia

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

	<u>Approved amount</u> <u>(US \$)</u>
Elimination of CFC-11 and CFC-12 in the manufacture of refrigerators at OYL Appliances	625,100*
Plus 13 per cent project support costs to UNDP	81,263

132. With regard to the project proposal on substitution of CFC-12 and CFC-11 with HCFC-134a and HCFC-141b respectively and elimination of the use of 1,1,1 TCA in household refrigerator manufacturing at Matsushita Electronic Co. Bhd., the Executive Committee decided to grant permission to proceed to the World Bank with the view that the incremental costs of the project should be revised taking into account Fund Secretariat's and technical reviewer's comments, and the project should be resubmitted to the next meeting of the Executive Committee.

### Philippines

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

	<u>Approved amount</u> <u>(US \$)</u>
Phase out of the use of CFCs in the manufacture of commercial refrigerators and ice boxes at Unimagna	1,015,700*
Plus 13 per cent project support costs to UNDP	132,041

### Syrian Arab Republic

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\* The operating cost component of this project should be adjusted on the basis of the costs prevailing following the start of operations, as reflected in paragraph 159 (b).

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

	<u>Approved amount</u> <u>(US \$)</u>
Investment Project for Phasing-out of CFC at Al-Hafez Refrigerator Co.	2,883,277
Plus 13 per cent project support costs to UNIDO	374,826

#### Thailand

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

	<u>(US \$)</u>
Elimination of the use of CFCs in the manufacture of flexible polyurethane foam (slabstock) at Lucky Group	
Elimination of the use of CFCs in the manufacture of commercial refrigerators at Sanden	533,800*
Plus 13 per cent project support costs to UNDP	148,044

#### Uruguay

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

	<u>(US \$)</u>
Conversion to CFC-free technology in the manufacture of rigid polyurethane foam (spray) at 7 enterprises.	665,000
Plus 13 per cent project support costs to UNDP	86,450

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\* The operating cost component of this project should be adjusted on the basis of the costs prevailing following the start of operations, as reflected in paragraph 159 (b).

Venezuela

## Project AAISA - Automobile Air Conditioning (CFC-12)

137. The representative of Venezuela said that his interpretation of the project differed from that of the Sub-Committee. He had no particular objection to the Sub-Committee's statement that "maintenance of market share did not meet the criteria for eligible incremental costs," but felt that it raised the issue of deindustrialization versus benefits derived from upgrades. That issue, he said, had to be taken into account for determining eligibility and should be debated by the Executive Committee as a policy issue for the future. He asked that the Committee draft a paper to that effect and also requested that the Secretariat and the World Bank come to an agreement on the question. He believed there was only one controversial issue - and that one of a technical nature - and that sufficient background information existed to permit its resolution. In conclusion he asked that the project be approved, in the knowledge that the World Bank, in carrying out its re-evaluation, would re-examine the question of the admissible costs for the evaporator.

138. The Chairman asked the Executive Committee if it was prepared to follow the suggestions of the representative of Venezuela, and request the Secretariat to study the issues involved. Such a request, however, would take the Secretariat into areas of interpretation which the Executive Committee might consider fell more properly within its own purview.

139. One representative wondered whether the present situation might justify the setting up of a technical committee, as had been discussed at the Twelfth Meeting.

140. The Chairman reminded the meeting that the Project Review Sub-Committee had been set up in order to expedite the Executive Committee's task of deciding on projects, and to identify policy issues which would require discussion by the entire Executive Committee.

141. One representative expressed the view that if the detailed work of project review was to be repeated in the plenary session, then there was no point in having a Project Review Sub-Committee at all.

142. Another representative pointed out that the Sub-Committee had felt that there were two components to the project: a new condenser, which represented an eligible incremental cost, and a new evaporator, which was more controversial. Installation of the new design of evaporator was, in part, a consequence of the conversion of the plant to non-ODS operation, and thus an eligible incremental cost, but it was also, in part, a technological advance being put in place at the request of the company's customers, which would not be eligible. Consideration had been given to splitting the project into two components so as to approve one and delay the other, but it had been decided that the project was an indivisible whole. The Sub-Committee therefore recommended approval of the project in principle, but to request the World Bank to examine together with the Secretariat what proportion of the incremental costs would be eligible, and submit those findings to a subsequent meeting of the Executive Committee.

143. The Chairman pointed out that if the meeting neither approved the suggestion of Venezuela nor adopted the recommendation of the Project Review Sub-Committee, then the whole project would be rejected.

144. The representative of Venezuela said that what was at issue was merely a small part of the overall project. He feared that if the project were not approved at the present meeting, the delay until the next Meeting of the Executive Committee would give an advantage to the competitors of the Venezuelan company concerned. Furthermore, it had been the intention of the Government of Venezuela, once the particular conversion under discussion were complete, to ban the installation of ODS-using air-conditioners in Venezuelan vehicles. If this project were not to be approved, the Government would be forced to reconsider that intention. Consequently, he suggested that the non-controversial part of the project should be approved, with the part corresponding to the evaporator being given permission to proceed.

145. There being no consensus, the Executive Committee did not take a decision on the project.

146. The representative of Venezuela pointed out that this was the first time that the Executive Committee had failed to reach a decision on a project, and that the Government of Venezuela would have to give serious consideration to the position it would adopt in the wake of this regrettable occurrence.

147. One representative also said that this was the first time in the Executive Committee's history that a Sub-Committee recommendation of permission to proceed with a project had been rejected and he hoped that such an unfortunate event would not be repeated.

#### General observation

148. One representative expressed his delegation's concern at the prospect of the Multilateral Fund continuing to receive requests for the financing of the use of HCFC as a replacement for CFC. Many non-ODS alternatives were available, such as cyclopentane as a blowing agent for insulation foam, as well as ammonia, HFCs and hydrocarbon as substitutes for many refrigeration purposes. Therefore, in most cases, non-ODS alternatives should be preferred in future projects funded by the Multilateral Fund. In cases involving conversion to HCFC, his delegation would like to see the Implementing Agencies provide information on possible future conversion to non-ODS alternatives to HCFCs, including the time scale and costs for such a future conversion.

#### Agenda Item 9: Report of the Sub-Committee for the Review Under Paragraph 8 of Article 5

149. The Chairman of the Sub-Committee for the Review under Paragraph 8 of Article 5 introduced document UNEP/OzL.Pro/ExCom/13/39 and Add.1. He said that, pursuant to a decision of the Twelfth Meeting of the Executive Committee, the Chairman and Vice-Chairman

of the Committee had authorized the Treasurer to transfer US \$347,910 to the account of the Fund Secretariat for the purpose of the contract for the Review under Paragraph 8 of Article 5 of the Montreal Protocol. He informed the members of the Executive Committee that the record of meeting between the Consultant and the Sub-Committee did not replace the terms of reference for the review but only clarified them. The key aspect of the Consultant's work dealt with an examination of alternative phase-outs and schedules and the associated costs and implications for the ozone layer. The Consultant would not recommend a particular phase-out scenario, but would indicate when schedules were not feasible and why. Progress had already been made. All country visits, for example, had been completed and had involved interviews with government, trade associations, and other groups. At the meeting on 24 July, the Consultant had asked for guidance and clarification on various issues necessary for effective use of their models. The Chairman of the Sub-Committee emphasized that the guidance provided to the Consultant was for the current study only and did not preempt future policy considerations by the Executive Committee. The Consultant's preliminary draft report would be ready by the Fourteenth Meeting in September 1994, at which time the Executive Committee would be briefed. The Chairman of the Sub-Committee concluded by saying that the review was proceeding expeditiously, and expressed confidence about the Consultant's ability to adhere to the schedules.

Agenda item 10: Impact on the Fund of various operational cost durations in the domestic refrigerator sector (Draft)

150. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/13/40, on impact on the Fund of various operational cost durations in the domestic refrigerator sector, which had been prepared in response to a request of the Executive Committee at its Twelfth Meeting.

151. The Executive Committee noted with appreciation document UNEP/OzL.Pro/ExCom/13/40 submitted by the Secretariat.

152. Several representatives said that the incremental operational cost duration for domestic refrigeration projects should be decided upon on a case-by-case basis, some stating that it was not for the Executive Committee to pronounce judgement on the period decided upon by the Implementing Agencies or to decide that Parties should not exercise a right under the Protocol. Some representatives emphasized that any reduction in the incremental operational cost duration could act as a disincentive to the early phase-out of ozone-depleting substances. Another representative, however, said that his delegation's understanding was that the Executive Committee should determine the period for which incremental operational costs were applicable. The same representative stated that the potential costs in the refrigeration sector were enormous and could have a serious impact on the Fund's ability to address the problems for which it was established. He noted that, in approximately two years' time, ozone-depleting substances would be more expensive than substitutes and there would then be incremental savings involved in the conversion, so that companies would no longer be eligible for a 100 per cent grant for the capital costs of conversion.

153. A number of representatives stressed the need for clear guidance to the Implementing Agencies so that all projects could be treated equally. The representative of the World Bank called for clear guidance on operational cost durations so that there would be no need to embark upon protracted negotiations with the Secretariat in every case. The Bank had proposed a flat rate of 10 per cent of the incremental capital costs to be added to each domestic refrigeration project as incremental operational costs, an approach which was administratively simple.

154. Some representatives, however, expressed their opposition to the proposal of the World Bank, reiterating their view that a case-by-case approach should continue to be used.

155. The representative of UNIDO said that the lack of clear guidance from the Executive Committee made action difficult and time-consuming. There was also a risk that Implementing Agencies might lose credibility in the eyes of Governments in the event that different operational cost durations were agreed by different agencies in different countries.

156. The Chairman subsequently introduced a proposal regarding the incremental operating costs in the projects in the commercial and domestic refrigeration sub-sector submitted to the Thirteenth Meeting of the Executive Committee. The proposal took into account the fact that projects were generally large ones and also bore in mind the possible shortfall in Fund resources. He said that, if no agreement on the duration of incremental operating costs could be reached at the current Meeting, only the capital costs of the projects concerned would be approved and a decision on the operating costs would be delayed until the Implementing Agencies came back to the Committee with a proposal.

157. The representative of UNIDO reported on the consultations between the three Implementing Agencies concerned. In the absence of clear guidance from the Committee, all the Agencies had, in consultation with the Secretariat, proposed an agreeable incremental operational cost arrangement that could apply to recipient countries. In the interest of harmonization among the Agencies and recipient countries, they were making a request that certain procedures should be agreed. That did not, however, obviate the need for further guidance to put all projects of recipient countries on an equal footing. The Implementing Agencies proposed two possibilities: either (1) 10 per cent of incremental capital costs to be paid up front; or (2) six months of incremental operating costs calculated at current prices or incremental operating costs for a duration of one year adjusted according to the prevailing costs at the time of disbursement, when the modified plant was operating, whichever was greater. In the case of certain projects currently before the Committee for approval, there was not much difference between the two methods of calculation.

158. Several amendments were introduced to the Chairman's proposal in order to clarify the wording of the text. Some representatives believed that the proposal should mention only the alternative methods of calculating operating costs rather than ascribing a particular practice to a particular agency. Other representatives stated that the text should not represent a precedent when the subject was reviewed at the Fourteenth Meeting of the Executive Committee, one stating that his delegation required time to consider the whole subject and would transmit its position to each Implementing Agency once it had completed its review. The representative of

the World Bank suggested that the text should indicate that the Agencies should formalize a proposal to the Executive Committee rather than submit a recommendation. One representative, however, called for a comprehensive paper from the Agencies so that the basis for their proposal could be discussed. Another representative, however, said that time did not allow the Agencies to prepare a comprehensive paper for submission to the Fourteenth Meeting of the Executive Committee. Another representative, supported by a representative from one of the Implementing Agencies, said that it would be helpful if, instead of a detailed review, the Implementing Agencies gave a brief overview of the rationale behind any proposal they might submit. The representative of India said that, in the light of discussions with enterprises in India, he believed that the various operational cost durations were too short and requested that, before the review was finalized for submission to the Committee, the Agencies would discuss their views with those enterprises.

159. Following a discussion, the Executive Committee decided as follows regarding projects submitted to the Thirteenth Meeting in the commercial and domestic refrigeration sub-sector:

- (a) To approve the requested capital costs;
- (b) To approve incremental costs of one year's duration calculated on the basis of the costs prevailing following the start of operations, if that modality was requested, or incremental operating costs of six months' duration calculated on the basis of prices prevailing when projects were approved, or 10 per cent of incremental capital costs, if that modality was requested;
- (c) To request UNDP, UNIDO and the World Bank, to formulate a joint proposal on operational incremental costs, covering the various issues involved in such calculation, to be presented to the Executive Committee at its Fourteenth Meeting, taking into consideration document UNEP/OzL.Pro/ExCom/13/40 and the views expressed by the members of the Executive Committee at its Thirteenth Meeting.

Agenda item 11: Cost-effectiveness of ODS phase-out projects (Draft)

160. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/13/41, on cost-effectiveness of ODS phase-out projects.

161. While appreciating the need for parameters governing cost effectiveness, a representative did not agree with the Secretariat's approach of approving projects which were the most cost effective in terms of ODS phase-out per unit of money. On that basis it was quite possible that entire countries might be left out of the process of ODS phase-out programmes. The Meeting of the Parties had already approved guidelines on incremental costs for projects. If a project met those guidelines it should be approved, even if it was a little more expensive. The Committee should not discriminate against such a project and approvals should be given on

the basis of what was optimal within a country for the size of the unit which was planning to phase out.

162. On the other hand several representatives emphasized the importance of taking cost effectiveness into account, recognizing that it should not be the only factor. A large global problem existed and there were finite resources to deal with it. If the Committee was truly dedicated to overcoming the problem and to succeeding in protecting the ozone layer careful consideration had to be given to that issue. The Fund's chief objective should be to get the best possible results in the phase-out of ODS as expeditiously as possible. Nevertheless concern over cost effectiveness must be tempered by a concern not to disregard, when it came to assistance from the Fund, certain countries, sectors or types of enterprise. In other words, while cost effectiveness was a vital criterion it was not the only one.

163. There was strong support for the view that the problems facing the small and medium-scale sectors in several countries deserved special attention and they must not be discriminated against in the approval of projects.

164. A representative felt that the Secretariat's recommendation in paragraph 30 of UNEP/OzL.Pro/ExCom/13/41, with its reference to smaller ODS consumers, opened the door to ranking projects not only in terms of smaller and larger ODS consumers but also involved considerations of priorities and countries. That type of ranking should not be done in the Committee. The recommendation should say very clearly that the needs of the small-scale consumers should not be relegated to a lower priority in funding of projects.

165. Referring specifically to the form of the Secretariat's paper, the hope was expressed that the data base could be expanded upon to provide more points of reference for the different sectors. The graphs and tables were useful as they applied to costs, and they should be made more reliable as additional information became available.

166. With the consent of the Committee, the Representative of Friends of the Earth - speaking also on behalf of the Center for Science and the Environment - addressed two gaps that they saw in the Secretariat's paper, namely equity and environmental sustainability. There was a need to ensure the access of low-ODS countries and small and medium-size enterprises to the Multilateral Fund. These were often the consumers that had problems gaining access to capital at the best of times. There were already problems affecting small and medium enterprises in developing countries, and every effort should be made to avoid repeating the same mistakes over and over. As regards sustainability, the issue was one of full cost-accounting and capacity building. Neither of the two cost-effectiveness methods proposed addressed the problem of comparing the full cost of a transitional substance project with a complete non-ODS solution. A third method was required if funds were to be allocated efficiently. He was willing to work with the Secretariat in refining the cost-effectiveness paper to deal with the equity and sustainability questions, because there was a real need to provide Implementing Agencies with clear guidelines that could be operationalized. Finally, he hoped that future cost-effectiveness discussions would take into consideration of the principles contained in Chapter 34 of Agenda 21.

167. The Executive Committee thereupon agreed that projects which will result in the elimination of the maximum amount of ODS should be given priority. The Executive Committee also recognized the significant problems facing the small and medium-scale sector in several countries. It therefore recommended that the Implementing Agencies give special attention to the development of efficient and feasible strategies to address their specific situation.

168. The representatives of Brazil, India and Malaysia expressed their deep concern with respect to the Committee's recommendation regarding, *inter alia*, the priority given to cost-effective projects and the funding of some ODS phase-out projects through commercial loans, inasmuch as those decisions tended to increasingly reduce the possibility of Article 5 countries to benefit from the assistance of the Multilateral Fund - thus frustrating their effort to phase out ODS as soon as possible. Those delegations therefore strongly urged the Committee to give earnest consideration to this matter for the sake of the Fund's credibility and the continuation of its invaluable contribution to the protection of the ozone layer.

169. The representative of India said that, having discussed the matter with the United States, he wished to reiterate his view that the issue of cost-effectiveness should not be linked to prioritization and therefore he could not accept paragraphs 30 and 31 of document UNEP/OzL.Pro/ExCom/13/41. The issue of prioritization should be a separate matter that could be taken up by the Committee at its next meeting.

170. The representative of the United States said that the Committee had already agreed on the recommendations contained in the Secretariat's paper. It was only following the adoption of those recommendations that India had raised certain issues. His delegation had agreed with the representatives of India and Brazil on joint language, which had been submitted to the Secretariat. Now India wanted to re-open the debate. He believed that a decision taken by the Committee should not be reversed.

171. The Chairman said that the report of the Meeting would reflect the concerns of the United States, as well as the reservations expressed by India regarding the recommendation for giving priority to projects resulting in the elimination of the maximum amount of ODS.

Agenda item 12: Projects that might realize net incremental savings (Draft)

172. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/13/42, on projects that might realize net incremental savings.

173. It was suggested that there should be an additional sentence in paragraph 32 of the Secretariat's paper stating that the sum attributed to a sector in a country cannot exceed the total incremental costs of the sector in question. There could be incremental investment costs, incremental operating costs (some positive, others negative), then incremental costs for the sector in general. That amount could be subject to a different distribution among the parties in the sector itself. Responding to this comment the opinion was expressed that there was a practical problem here that needed to be addressed. If there were negotiations and as a result a sectoral

project was allowed to benefit that would not otherwise do so, that was fine; but if there was no negotiation or no agreement, the concept might create problems.

174. The representative of Friends of the Earth, referring to paragraph 11 of UNEP/OzL.Pro/ExCom/13/42, hoped that any discussions on this issue would be co-ordinated with discussions on the refrigeration sector. The issue of reducing the transitional period was one that would be absolutely vital in deciding which projects would bring incremental operating costs and which incremental operating benefits.

175. Reference was made to a statement at the Twelfth Meeting to the effect that, for projects where there was need for incremental benefit over the life of the project, capital costs should be met in order to provide an incentive to the enterprise. It was important to have uniform standards and norms in counting incremental operating costs and incremental operating benefits. It must not be assumed that incremental operating benefits would continue over the entire life of the project. The concessional loans mentioned in paragraph 35 of document UNEP/OzL.Pro/ExCom/13/42 did not go far enough because it was based on assumptions that might not be true after a very short time. Another representative made the point that, whereas in the Committee's deliberations on very early projects there had been considerations of incremental costs for a duration of, say, four years and of incremental benefits for perhaps seven to ten years, during the last few Meetings there had been a significant degree of parity between costs and benefits throughout the sub-sector.

The Indicative List of Incremental Costs under the Montreal Protocol clearly indicated that the costs that should be paid were the incremental costs for the project. One could argue that the Fund should not even consider a loan for a project where there was an incremental benefit. The Secretariat's recommendation was a very positive one, suggesting that the Committee go beyond the charge given to it by the Parties and find a way to fund, in the form of loans, the capital cost of conversion of these beneficial projects. To suggest that grants be provided for something that would bring benefits to the beneficiaries went far beyond what the Parties had envisaged, and far beyond the scope of the Committee's work.

176. The Executive Committee approved the following recommendations as included in document UNEP/OzL.Pro/ExCom/13/42:

- (a) The Parties and the Executive Committee have addressed the issue of savings and determined that only incremental costs should be financed with grants and projects with net savings may be funded through concessional loans. Although Fund activities currently demonstrate that projects with incremental savings are feasible (through the financing of project preparation), such projects may be good candidates for concessional loans from resources provided by the Fund or from other funding sources;
- (b) It is, therefore, recommended that consideration of projects with net incremental savings might be provided through the consideration of sector strategies for each country. In such strategies, the impact of funding one company's project over

another could be assessed and remedial action recommended as part of an overall sector plan that might include both grant and loan components;

- (c) Implementing Agencies, regional development banks and other lending institutions should be encouraged to provide loans for those projects in Article 5 countries that lead to the phase-out of ozone-depleting substances but may not be eligible for grants from the Multilateral Fund. In this regard, feasibility studies and project proposals prepared by Implementing Agencies or bilateral donors should be made available to regional development banks and other lending institutions.

#### Agenda item 13: Data collection and data reporting (Draft)

177. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/13/43, on data collection and data reporting.

178. The representatives of UNEP and of the Ozone Secretariat disagreed with the Secretariat's recommendation that there should not be a need for regional workshops specifically on data collection and reporting. It was important to optimize the assistance offered and such workshops were a very valuable tool.

179. Several representatives supported UNEP's position, while some others agreed with the Secretariat. Those who supported UNEP welcomed its initiatives in this field, particularly in relation to the preparation of a manual on data collection that would serve as a useful tool for all members of the Fund. One made the point that he had evidence that some States were providing data that was unreliable and they needed help to improve their data-collection facilities. The representatives who agreed with the Secretariat did so on the basis that the Fund could not expend its resources on functions that were not part of its responsibility. In a spirit of compromise another representative suggested that the Secretariat's recommendation could be modified by inserting the word "normally" before "not be a need" - thus providing for a degree of flexibility.

180. The Executive Committee agreed that, given the opportunities provided through the regional networks, other regional and national training workshops, the process of country programme preparation and institutional strengthening activities, there should normally not be a need for regional workshops specifically on data collection and reporting. It further agreed that, on the understanding that there were no financial implications for the Fund in such a project, UNEP should be invited to proceed with the preparation of a manual on data collection.

181. In response to a query from the representative of UNEP as to whether, in the light of this decision, UNEP could now proceed to convene the regional workshop in Africa (a decision on which had been deferred at the Twelfth Meeting pending preparation of and decision on the Secretariat's paper), the Chairman noted that UNEP was free to resubmit the project to the next Meeting if it considered this appropriate.

Agenda item 14: Draft report of the Executive Committee to the Sixth Meeting of the Parties

182. The Chief Officer introduced the draft report of the Executive Committee to the Sixth Meeting of the Parties, document UNEP/OzL.Pro/ExCom/13/44, and explained that it covered the results of the Twelfth Meeting of the Executive Committee together with the Secretariat's assumptions, subject to correction, of what would happen at the Thirteenth Meeting. He also explained that an Addendum would be joined to it after the Fourteenth Meeting, due to take place just before the Sixth Meeting of the Parties.

183. Three editorial changes were put forward: that "encashable resources" in paragraph 7, should actually read, in line with what had been stated at the Twelfth Meeting, "committable resources"; that "meeting their commitments" in paragraph 11 should be replaced by "paying their contributions", in line with the wording of the Montreal Protocol; and that "within the limits prescribed by the Montreal Protocol" should be added to the last sentence of paragraph 25.

184. One representative felt that the report did not adequately reflect all of the Executive Committee's efforts, in particular those relating to the present Meeting, and another proposed that the Secretariat be authorized to revise the report after the Meeting to give more information on it, that the revised version should then be distributed to the members of the Executive Committee, and that the latter should have a very brief period in which to comment on it.

185. With that procedure agreed, and with the three editorial changes, document UNEP/OzL.Pro/ExCom/13/44 was approved.

Agenda item 15: Modification in the Indicative List of Categories of Incremental Costs under the Montreal Protocol

186. The representative of India introduced document UNEP/OzL.Pro/ExCom/13/45, on modification in the Indicative List of Categories of Incremental Costs under the Montreal Protocol.

187. The Chairman recalled that some representatives had felt that its subject did not fall within the purview of the Executive Committee, but rather that of the Open-ended Working Group and the Meeting of the Parties.

188. The representative of India stated that the document was now co-sponsored by Malaysia.

189. The Executive Committee took note of the co-sponsored document.

Agenda item 16: Format for the presentation of information on progress of implementation of country programmes

190. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/13/46, on format for the presentation of information on progress of implementation of country programmes. He noted that the draft format had been circulated to members for comment in advance of the files containing the rest of the meeting documentation.

191. The representative of India instituted a number of proposals and amendments related to the draft format. In response to those amendments, a representative of the Fund Secretariat said that the term "funds received" rather "funds disbursed" had been used in the format in order to make it clear that the information required was on the funds actually received by the Governments rather than the funds disbursed from the Treasurer to the Implementing Agency. With regard to another amendment proposed by the representative of India that the reporting period should coincide with the requirements of Article 7 of the Protocol, he drew attention to the country programmes that had been previously approved at the Meeting. The Secretariat had hoped that the draft format would be discussed before those programmes were approved; it would, however, introduce the necessary amendments to programmes as required.

192. The Executive Committee approved the draft format for information on progress of implementation of country programmes as contained in document UNEP/OzL.Pro/ExCom/13/46, on the understanding that the amendments proposed by the representative of India would be incorporated, in consultation with the Fund Secretariat (see Annex II to the present report).

193. The Executive Committee also decided as follows:

- (a) To adopt the format contained in Annex II to the present report for presentation of information on progress of implementation of country programmes and to request Parties operating under paragraph 1 of Article 5, using the format, to present the annual information on the progress of implementation of their country programmes in accordance with the decision taken at its Tenth Meeting;
- (b) The information should cover the progress of implementation for the period 1 January to 31 December and should be forwarded to the Fund Secretariat not later than three months after the end of the year to which the information relates;
- (c) Where a country programme is approved five months or less before the end of the year, initial information should be provided after the end of the following year for the period starting from the date of approval of the country programme;
- (d) Starting from the Thirteenth Meeting, decisions on each approved country programme should include a requirement for presenting information annually on progress of implementation of the country programme according to the above decisions;

- (e) To amend its earlier decision on the Argentina, Botswana, Brazil, Kenya, Seychelles, Uganda and Zimbabwe country programmes regarding presentation of information on progress of their implementation and to request those governments to provide the required information for the period 1 August 1994 to 31 December 1995. The information should be forwarded to the Fund Secretariat not later than 31 March 1996.

Agenda item 17: Other matters

Juridical personality of the Multilateral Fund

194. The Treasurer informed the meeting that in the view of the Canadian Government and of the United Nations Office of Legal Affairs, juridical personality would need to be conferred on the Multilateral Fund and its constituent elements, or an amendment made to the Protocol itself, in order for the members of the Executive Committee to enjoy privileges and immunities. The Executive Director of UNEP intended to raise the matter at the Sixth Meeting of the Parties.

Situation of Parties to the Montreal Protocol with economies in transition

195. The Executive Committee took note of the presentation which had been made by the representative of Poland, and requested the Secretariat to take note of the views expressed.

**IV. ADOPTION OF THE REPORT**

196. The Executive Committee adopted the present report, on the basis of the draft report contained in document UNEP/OzL.Pro/ExCom/13/L.1 and Add.1-3, at its closing session, on 27 July 1994.

**V. DATE AND PLACE OF THE FOURTEENTH MEETING  
OF THE EXECUTIVE COMMITTEE**

Agenda item 18: Date and place of the Fourteenth Meeting of the Executive Committee

197. The Committee decided to hold its Fourteenth Meeting at Nairobi on 29 and 30 September 1994, and requested the members of the Sub-Committee for the Review under Paragraph 8 of Article 5 to make themselves available for a briefing by the consultant on 28 September 1994.

**VI. CLOSURE OF THE MEETING**

Agenda item 19: Closure of the Meeting

198. Following the customary exchange of courtesies, the Chairman declared the Thirteenth Meeting of the Executive Committee closed.

**ANNEX I****MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL****Status of the Fund as at 30 June 1994**

US dollars

**INCOME**

Contributions received	
- Cash Payments	183,588,650
- Promissory Notes	25,001,069
Bilateral Contributions <sup>(1)</sup>	5,321,308
Interest earned	5,004,694
Miscellaneous income	2,093,536

TOTAL 221,009,257

**DISBURSEMENTS**

UNDP	43,802,316
UNEP	11,512,687
UNIDO	7,040,867
World Bank	90,096,124
Bilateral Assistance	5,321,308
Secretariat (1991X1994)	8,923,526
Programme support (1991X1994)	379,692

TOTAL 167,076,520

**BALANCE AVAILABLE****53,932,737**

(1) Bilateral Assistance contributions:

	1991	1992	1993	1994	TOTAL
Australia	0	39,394	4,317	66,800	110,511
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	735,000	4,297,110
	480,000	1,726,772	2,282,736	831,800	5,321,308

TRUST FUND FOR THE MULTILATERAL FUND UNDER THE MONTREAL PROTOCOL  
(as at 30 June 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	66,800	2,567,190	0	0	2,567,190
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	1,412,304	0	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
Czechoslovakia	1,151,193	0	0	0	0	1,151,193	0
Czech Republic	0	732,633	0	732,633	0	0	732,633
Denmark	0	1,133,837	0	1,133,837	0	0	1,133,837
Finland	0	994,288	0	994,288	994,288	0	0
France <sup>1</sup>	0	10,466,186	0	10,466,186	8,373,000	0	2,093,186
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	131,590	0	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	6,969,417	0	21,717,336
Korea, Rep. of	919,330	1,203,611	0	1,203,611	0	919,330	1,203,611

<sup>1</sup> 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.

Kuwait	286,549	436,091	0	436,091	0	286,549	436,091
Liechtenstein	0	17,444	0	17,444	0	0	17,444
Luxembourg	0	104,662	0	104,662	104,662	0	0
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	418,647	0	0
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	173,024	0	73,324
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	6,091,918	0	0
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 <sup>2</sup>	0	8,756,709	0	8,756,709	0	0	8,756,709
United States	2,342,492	37,916,667	735,000	37,181,667	0	2,342,492	37,181,667
Uzbekistan	216,390	453,535	0	453,535	0	216,390	453,535
<b>TOTAL</b>	<b>54,324,282</b>	<b>151,672,304</b>	<b>831,800</b>	<b>150,840,504</b>	<b>26,095,388</b>	<b>41,780,297</b>	<b>137,289,101</b>

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<sup>2</sup>

The Government of the United Kingdom has deposited a Promissory Note in an Account in the name of the Montreal Protocol Multilateral Fund at the Bank of England covering the balance of its pledge up to 1993 to the Multilateral Fund amounting to US \$6,682,477.

**ANNEX II**

**INFORMATION ON PROGRESS OF IMPLEMENTATION OF COUNTRY PROGRAMME**

Submitted pursuant to the decision of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol as contained in UNEP/OzL.Pro/ExCom/10/40, paragraph 135.

REPORTING PERIOD	From: 1 January	To: 31 December 19...
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**I. Background information**

1. Country  
\_\_\_\_\_
2. Date country programme was approved  
\_\_\_\_\_
3. National focal point for country programme implementation  
\_\_\_\_\_
4. Lead implementing agency for country programme preparation  
\_\_\_\_\_
5. Planned date of complete phase-out of ODS
  - Annex A \_\_\_\_\_
  - Annex B \_\_\_\_\_
  - Annex C (Optional) \_\_\_\_\_
6. Total consumption of ODS at the time of approval of country programme (Tonnes ODP)  
\_\_\_\_\_
7. Current total consumption of ODS (Tonnes ODP) (19...)  
\_\_\_\_\_
8. Current per capita consumption (Kg.) (19...)
  - Annex A \_\_\_\_\_
  - Annex B \_\_\_\_\_
  - Annex C (Optional) \_\_\_\_\_
9. Funds approved to date for activities in the country programme (US \$)  
\_\_\_\_\_
10. Funds disbursed to enterprises/institutions in the country to date (US \$):  
\_\_\_\_\_

**II. Action Plan**

11. Actions taken. Please list in the attached Appendix I the legal, administrative or other supportive actions taken to date and their effect or intended effect.

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III. **Phase-out Activities**

12. Major ODS consuming sector(s) in ODP tonnes as per the country programme

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13. Number of activities in the country programme for which funds are required and budgeted in the country programme

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14. Number of activities developed and submitted to the Executive Committee for approval and funding (including deferred and/or unapproved projects)

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15. Number of activities for which funds have been approved

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16. Number of activities for which funds have been received in the country

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17. Number of activities currently under preparation

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18. Progress of phase-out. Please list in Appendix II the activities undertaken towards the phase-out of ODS in the country

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19. If institutional strengthening funds have been approved, indicate the date the ozone protection unit became or is expected to become operational

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20. Expected date of review of country programme

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\* Includes all activities for which funding is required.

**IV Evaluation**

21. Please evaluate the progress of implementation of the planned actions in the country programme according to the following criteria:

(1) *Slower than scheduled*

(2) *On schedule*

(3) *Faster than scheduled*

<b>Action</b>	<b>Progress</b>
Legislative and administrative actions	
Institutional strengthening	
Country programme preparation	
Training	
Demonstration	
Other technical assistance activities (Please state)	
Investment projects	

22. Comments

Please provide any pertinent comments relating to the progress of implementation of the country programme. (Attach separate sheet if necessary)

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Name and Signature of Officer Reporting

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Designation

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Office Address:

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Date:

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**APPENDIX I**

**ACTION PLAN\***

(Attach additional sheets if necessary)  
up to the year .....

Date/Year	Actions proposed in the Country Programme	Action Taken	Effect/Intended Effect

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\* May include laws enacted, regulatory or administrative actions, publicity campaigns and other actions in the Action Plan taken to facilitate implementation of the country programme.

**APPENDIX II****PHASE-OUT ACTIVITIES<sup>(1)</sup>**

(Attach additional sheets if necessary)

**A. Approved Activities**

Project/Activity	Type <sup>(2)</sup>	Date of approval	ODS to be Phased Out & Year	I.A.	Funds (US \$)		Time Frame	ODS Actually Phased Out & Year	Date of completion	Status of Implementation
					Allocated	Disbursed <sup>(3)</sup>				

**B. Activities Under Preparation**

Project/Activity	Sector or Type	Implementing Agency	Estimated Cost (US \$)	ODS to be phased out (Tonnes ODP)	Planned date of Submission to the Executive Committee

<sup>(1)</sup> Include all activities for which funds are required from the Multilateral Fund.

<sup>(2)</sup> Types of activities: Country programme preparation (CPG), Demonstration (DEM), Institutional strengthening (INS), Investment (INV), Project preparation (PRP), Technical Assistance (TAS), Training and workshops (TRG).

<sup>(3)</sup> Disbursed to enterprises/institutions in the country.