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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fourteenth Meeting
Nairobi, 29-30 September 1994

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

I. INTRODUCTION

1. The Fourteenth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol was held at Nairobi on 29 and 30 September 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 the participants. He drew attention to the four most significant of the many important items on the agenda: the problem of contributions in arrears; the preliminary draft report on the review under paragraph 8 of Article 5; the report on the administrative costs of the Financial Mechanism; and the letter on implementation strategy for small Montreal Protocol investment operations submitted by the World Bank. While he

Regretted that the present Meeting was not able to consider the ten project proposals submitted due to the short time available between the Thirteenth and Fourteenth Meetings of the Executive Committee, he congratulated the members of the Executive Committee and their achievement and urged them to continue their endeavours to strike a balance between project approval/fund disbursement and policy/guideline development work.

3. Ms. Elizabeth Dowdeswell, Executive Director of UNEP, noted with satisfaction that the Executive Committee had met the challenge of translating the Parties' high expectations into a working model that had become an example for other areas of environmental cooperation.

4. The Fund's achievements were noteworthy, but many important issues still remained to be resolved and she wished to draw particular attention to the cumulation of arrears. The low level of disbursement to Article 5 countries was also a source of concern.

5. She concluded by stressing the great importance which UNEP attached to its role as an Implementing agency. At a very early stage UNEP had initiated, and the Parties to the Protocol had endorsed, the process of assessment of science, environment and technology through the establishment of UNEP's Assessment Panels. It was a global and very transparent process which prompted experts from all over the world, often with conflicting views and interests, to come to an agreement on what constituted the state of the art today. It thus provided important elements for decision-making in government and industry. The process had greatly helped the Protocol to make definitive progress. At the present important milestone, it was necessary to continue and extend the process with all its transparency, even during the implementation of the Protocol and its Financial Mechanism. It was gratifying to note that the Executive Committee had decided to constitute a body of experts to give consistent advice and recommendations to aid the approval process. Consistency and transparency in policy-making and guidelines would give the right signals to the Parties and greatly help expedite phase-out.

B Attendance

6. 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.

7. 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.

8. A representative of the President of the Bureau of the Meeting of the Parties attended the meeting.
9. Representatives of the Alliance for Responsible Atmospheric Policy (ARAP), Commonwealth Science Council, Environmental Defense Fund, Friends of the Earth and Greenpeace, as well as representatives of the Consultant 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

10. 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.
 4. Financial matters:
 - Contributions and fund disbursements (Report From the Treasurer).
 - Contributions in arrears and promissory notes (Report from the Treasurer)
 5. Preliminary draft reports on the review under paragraph 8 of Article 5.
 6. Requests for bilateral assistance.
 7. Implementing Agencies:
Work Programme amendments:
 - UNDP;
 - UNIDO.
 8. Country programmes:
 - (a) Bangladesh;
 - (b) Mauritania.

- 9 Project proposal:
 - Venezuela.
- 10 The administrative costs of the Financial Mechanism (Draft).
11. Letter of implementation strategy for small Montreal Protocol investment operations through an umbrella agreement (submitted by the World Bank and the Government of India).
12. Other matters.
13. Date and venue of the Fifteenth meeting of the Executive Committee.
13. Closure of the Meeting.

D. Organization of work

11. The Chairman said that, if there were no objections, the Executive Committee would take the items on its agenda in the order in which they appeared therein.

III. SUBSTANTIVE MATTERS

Agenda item 3: Report by the Fund Secretariat

12. The Chief Officer reported on the activities of the Secretariat since the Thirteenth Meeting and introduced documents UNEP/OzL.Pro/ExCom/14/2 and Add.1
13. One representative drew attention to the Executive Committee's request to the Secretariat To convene a group composed of experts on process engineering related to the production of ODS substitutes, which was contained in paragraph 109 of the report of the Twelfth Meeting (UNEP/OzL.Pro/ExCom/12/37), and enquired what steps the Secretariat had taken to implement that request.
14. The Chief Officer replied that the Secretariat was elaborating the terms of reference for the group, which would be submitted to the Fifteenth Meeting. It had received from UNEP IE/PAC a list of experts with the appropriate qualifications, as well as proposals from countries. The Secretariat was compiling a list of experts from countries operating under Article 5 and from countries not so operating.
15. The Executive Committee decided that the list of experts could be distributed to its members for their information.

16. 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.

Agenda item 4: Financial matters: contributions and Fund disbursements
(Report from the Treasurer)

17. The representative of UNEP, the Treasurer of the Fund, introduced documents UNEP/OzL.Pro/ExCom/14/3, on contributions and Fund disbursements (Annex I), and UNEP/OzL.Pro/ExCom/14/4 and Add.1 on contributions in arrears and promissory notes.

18. He added that a new table showing the status of the Fund to date had been circulated (UNEP/OzL.Pro/ExCom/14/3/Rev.1) showing that the balance available had risen to US\$ 28,904,723. He also informed the Committee that Canada had indicated its intention to pay its contribution in promissory notes.

19. One representative sought assurance from the Secretariat that the reason why project Proposals received from Brazil, Egypt and Mexico had not been submitted to the present Meeting was that they were still under review and not that there was a possibility that funds might be lacking.

20. In reply, the Chief Officer emphasized that the Secretariat had never refrained from submitting to the Executive Committee any project proposal for which the review had been completed. The project proposals from Brazil, Egypt and Mexico were still under review and, when that had been completed, they would be submitted to the Executive Committee.

21. In response to a question by one representative regarding the procedure to be followed if The total amount requested for project implementation exceeded the funds available, the Treasurer said that provision existed for accelerated encashment of promissory notes if needed.

22. One representative noted with satisfaction that promissory notes had become an integral Part of the Fund's accounting system. However, it appeared to be a cumbersome procedure to cancel that part of a promissory note not utilized by an Implementing Agency in order to reissue it in favour of another Implementing Agency and she asked whether there was any way to make promissory notes directly transferable between Implementing Agencies.

23. Some representatives asked why contributions for 1994 had been noted as in arrears, Because they became arrears only after the end of the year in which they were due. They also stressed that arrears did not necessarily indicate a lack of support for the Fund, but were often due to factors such as financial years, which did not correspond to that of the Fund.

24. The Treasurer replied that it was his understanding that contributions for 1994 were in Arrears if they had not been paid by 1 January 1994. If that was not correct, the Executive Committee should instruct him as to the date upon which contributions should be deemed to be in arrears.

25. The Executive Committee expressed deep concern at the large amount of contributions in Arrears and agreed to convey its disquiet to the Meeting of the Parties so as to permit the Parties to take a policy decision on how the issue should be dealt with.

26. The Executive Committee noted that the names of certain countries appeared with Monotonous regularity in the list of those which were in arrears over the years. Arrears were not uncommon in the United Nations system, but in the case of the Fund there seemed to be no valid reason for being in arrears, particularly since the commitment of the international community to protection of the ozone layer was strong and the programmes had to be implemented in a time-bound manner. Therefore, some moral pressure would need to be exerted in order to ensure payment of arrears and timely payment of contributions in the future.

27. With regard to ways of resolving the problem, two representatives suggested that the Secretariat should be authorized to enter into negotiations with the countries in arrears. Other representatives considered that it was not the role of the Secretariat to negotiate such matters and proposed that the Secretariat should consult the countries in question in order to define exactly where the problem lay.

28. Several representatives expressed the view that pressure could be brought to bear on Countries in arrears by publishing the correspondence between them and the Treasurer. Some of those who spoke considered that the correspondence should be made available only to members of the Executive Committee. One representative, on the other hand, believed that wider dissemination would be more fruitful.

29. The Executive Committee considered that the possibility of imposing measures such as those suggested in paragraph 14 of the report from the Treasurer (UNEP/OzL.Pro/ExCom/14/4) was not acceptable.

30. The Executive Committee took note with appreciation of the report from the Treasurer and decided that the correspondence between the Treasurer and countries with contributions in arrears should be made available to the Executive Committee. If that procedure did not yield results, the Executive Committee would consider what further steps could be taken. The Executive Committee did not, however, have any objection to the publication of the list of outstanding contributions. The Chairman urged the non-governmental organizations to play their role in informing the public regarding the "arrears" situation

. Agenda item 5: Preliminary draft reports on the review under paragraph 8 of Article 5

11. 31. The Chairman of the Sub Committee for the Report on the Review under Paragraph 8 of Article 5 of the Montreal Protocol, introducing the Sub Committee's report (UNEP/OzL.Pro/ExCom/14/14), said that the review was on track and that the Consultant was respecting the deadlines that had been established. The Consultant's work was of very high caliber and would undoubtedly prove very useful to the Parties to the Protocol. Its preliminary draft report (UNEP/OzL.Pro/ExCom/14/5) was the first of three versions, the second of which would be made available by 1 November 1994, prior to the next Meeting of the Executive Committee. The final draft report would be ready by 31 December 1994 and would then be circulated to the Parties for their views.

32. The role of the Executive Committee - and its Sub Committee - was to ensure that the Parties were provided with a comprehensive, readily intelligible document within the terms of reference. Discussion of the scenarios therein was reserved for the Parties themselves.

33 He added that, having considered the preliminary draft report, the members of the Sub Committee had put a number of questions to the representative of the Consultant, mainly of a clarification nature, to which satisfactory replies had been received. The Sub Committee had then instructed the Consultant to carry out a number of additional tasks, which were listed in paragraph 3 of its report. One of those tasks - which he read out - had inadvertently been omitted, but would be included in a Revised Version of the Sub Committee's report (UNEP/OzL.Pro/ExCom/14/14/Rev.1).

34 In view of the need for continuity in the Sub Committee's work and of the invaluable Experience its members had gained, he requested that the Executive Committee should decide not to change its composition until the work was completed.

35 One representative said that a number of factors did not seem to have been covered in the Consultant's preliminary draft report. They included the feasibility of replacement at the global level, the need for funds to be available when projects were approved and the relations between countries, the Secretariat and the Implementing Agencies. Another representative said he would like the Consultant to clarify the assumptions used in deriving the cost of each scenario.

36 The observer for a non-governmental organization said she was very concerned at the tardy and superficial manner in which the NGOs had been able to make an input into the Consultant's preliminary draft report. She hoped that that situation would improve at the next stage of the procedure. She also commented that the research into the development of alternatives to ozone-depleting substances (ODS), as reflected in the preliminary draft report, appeared to be distinctly out of date.

37 The observer for another non-governmental organization considered that Exhibit 3-1 showed a flow of funds to NGOs which was not the case. She requested an explanation of the intention behind paragraph 3, subparagraph (d), of the Sub Committee's report. Specifically, would that section have an impact on calculations of incremental cost?

38 The representative of UNDP stated that the use of flammable or partly toxic ODS alternatives such as hydrocarbons, cyclopentane and methylene chloride, although cheaper than HCFCs or HFCs, would require additional safety measures that would reduce their overall cost saving.

39 The Chairman of the Sub Committee responded to the questions raised and said that Several of the factors mentioned by representatives were being dealt with elsewhere, rather than in the Consultant's report. The question **regarding** the bases for the conclusions concerning costs had been raised in the Sub Committee and answered satisfactorily by the Consultant's representative and would be reflected in the report. The Consultant would, he was sure, take account of the comments made regarding the involvement of NGOs in the preparation of the later stages of the draft report.

40 The Technology and Economic Assessment Panel (TEAP) was shortly to produce an updated assessment concerning research into alternatives to such ozone-depleting substances as HCFCs and methyl bromide. Once that information was available, the Consultant would take it into account.

41 A representative of the Consultant explained that the purpose of paragraph 3, subparagraph (d), of the Sub Committee's report was to include actual costs.

42 The Executive Committee then endorsed the Sub Committee's report and the Recommendations therein (Annex II). It also decided to accept the suggestion that the composition of the Sub Committee should remain unchanged until its mandate had been completed

. Agenda item 6: Requests for bilateral assistance

43 The Chief Officer, introducing documents UNEP/OzL.Pro/ExCom/14/6, UNEP/OzL.Pro/ExCom/14/6/Add.1 and UNEP/OzL.Pro/ExCom/14/IS/1, stated that the requests for bilateral assistance by France and Canada contained therein were consistent with the guidelines approved at the Fifth and Seventh Meetings of the Executive Committee and did not exceed the ceiling of 20 per cent; therefore, the Secretariat recommended that they should be approved.

44 The Chief Officer stated that the request by Canada in respect of bilateral assistance to China for two projects as contained in document UNEP/OzL.Pro/ExCom/14/IS/1, had been received in the inter-sessional period and had been submitted to Committee members on 26 August 1994, and, as no objections had been received, had therefore been approved on 23 September 1994 on a non-objectional basis, as stated in document UNEP/OzL.Pro/ExCom/14/6/Add.1.

45 The Chief Officer said that the Secretariat would like the Executive Committee to consider an amendment to the guidelines approved for bilateral and regional cooperation at its Fifth Meeting (UNEP/OzL.Pro/ExCom/5/16, Annex IV). The amendment sought to eliminate the requirement to obtain the approval of the Chairman and Vice-Chairman in advance of submitting the request to Executive Committee members for their approval and also sought to reduce the review period of Executive Committee members from four weeks to two weeks. After several representatives had spoken agreeing with the amendment, one representative stated that his delegation did not agree with eliminating the need for prior approval by the Chairman and Vice-Chairman as that seemed to reduce the decision-making capacity of the Executive Committee. The Chairman said that only the recommendation regarding the reduction of the review period from four weeks to two weeks had met with a consensus, and that part of the recommendation was agreed by the Committee.

46 One representative suggested that a technical change in wording be introduced, namely, to use the term "bilateral cooperation", instead of "bilateral assistance". The Secretariat said that it had no difficulty in accepting this suggestion.

47 One representative, in supporting the recommendation of the Secretariat with respect to France's request to offset bilateral activities against its contribution for the four projects contained in the country programme of Mauritania, referred to document UNEP/OzL.Pro/ExCom/14/10/Corr.1 and said that his delegation would like to propose adding to paragraph 11.1 the following sentence, "Projects which are clearly cost-effective should be considered in their own right". The Committee accepted that amendment.

48 The observer for a non-governmental organization, noting that Bangladesh was converting from CFCs to ammonia, while other countries were considering converting to HFCs, said that it would be useful if the Secretariat could provide a hierarchy of appropriate technology for conversion of existing CFC-based installations, and that Mauritania review its projects to consider alternative technologies. UNDP offered to consult with France on that issue.

49 The representative of Venezuela, referring to Canada's request, wished to place on record that the request involved funds which were made available when a previous Venezuelan project had its allocated amount reduced and the understanding in his country had been that those funds would eventually be used in Venezuela, if an agreement was reached for a continuation of the halon project.

50 The Executive Committee approved the request of the Government of France to credit against its 1994 contribution to the Fund US\$180,774 in bilateral cooperation for the following activities in Mauritania:

| | | |
|---|---|----------------|
| - | Institutional strengthening | US\$ 38,874 |
| - | - | |
| - | Reconversion of existing CFC-based installation in the fishing industries | US\$ 106,900 |
| - | Training of refrigeration technicians | US\$ 25,000 |
| - | Training and awareness of personnel involved in the task of codifying and identifying ODS and ODS-containing material | US\$ 10,00051. |

51 The Executive Committee requested the Treasurer to credit the amount of US\$180,774, accordingly.

52. The Executive Committee noted the inter-sessional approval on a non-objectional basis For the request of the Government of Canada to offset US\$ 109,500 for bilateral cooperation in

China against the balance remaining from a reallocation of costs in the Canadian bilateral cooperation provided in Venezuela for a regional halon management workshop held in 1993.

- No-Clean technology programme US\$ 51,000
- Feasibility study to establish a refrigerant
- conversion programme in Sichuan Province US\$ 58,500

Agenda item 7: Implementing Agencies

Work programme amendments

- UNDP

53. The Chief Officer introduced the 1994 UNDP work programme amendments and the comments and recommendations of the Secretariat, as contained in document UNEP/OzL.Pro/ExCom/14/7.

54. The Committee approved the following amendments to the 1994 UNDP work programme for a total amount of US\$1,254,705, including US\$185,705 as support costs for UNDP

| <u>Country</u> | <u>Project</u> | <u>Approved amount</u> | <u>US\$</u> |
|----------------|---|------------------------|-------------|
| Argentina | Project preparation assistance | 70,000 | |
| | Conversion to non CFC technology in the manufacture of flexible and integral skin polyurethane foam at NSIPLAST | 345,000 | |
| | Institutional strengthening project (transferred US\$359,500 from the World Bank) | 0 | |
| Bangladesh | Project preparation assistance | 35,000 | |
| | Institutional strengthening under the Multilateral Fund for the Implementation of the Montreal Protocol | 150,000 | |
| Jamaica | Project preparation assistance | 30,000 | |
| Mexico | Project preparation assistance | 100,000 | |
| Pakistan | Institutional strengthening projects | 259,000 | |

| <u>Country</u> | <u>Project</u> | <u>Approved amount</u> <u>US\$</u> |
|----------------|---|---------------------------------------|
| Sri Lanka | Project preparation assistance | 30,000 |
| Global | Determination of cost effective phase out approaches for enterprises with relatively small ODS use in foams | 50,000 |
| Subtotal | | 1,069,000 |
| | 13 per cent project support costs | 185,705 |
| Total | | 1,254,705 |
| - | UNIDO | |

55. The Chief Officer introduced the UNIDO work programme amendments and the Secretariat's recommendations, as contained in document UNEP/OzL.Pro/ExCom/14/8.

56. The Committee approved the following amendments to the 1994 UNIDO work programme for an amount of US\$ 101,700, including US\$ 11,700 as support costs for UNIDO

| <u>Country</u> | <u>Project</u> | <u>Approved amount</u> <u>US\$</u> |
|----------------|---|---------------------------------------|
| Sudan | Preparation of investment projects in the refrigeration, aerosol and foam sectors; preparatory assistance for a training programme for refrigeration and airconditioningsectors | 50,000 |
| Zimbabwe | Preparation of three investment projects in the refrigeration/air-conditioning and halon sectors | 40,000 |
| Subtotal | | 90,000 |
| | 13 per cent project support costs | 11,700 |
| Total | | 101,700 |

Agenda item 8: Country programmes

57. The representative of UNDP introduced the country programme of Bangladesh (UNEP/OzL.Pro/ExCom/14/9).
58. The Executive Committee approved the country programme of Bangladesh. However, approval did not denote approval of the projects listed therein or their funding levels.
59. The representative of Mauritania introduced the country programme of Mauritania (UNEP/OzL.Pro/ExCom/14/10 and Corr.1).
60. The Executive Committee approved the country programme of Mauritania. The Chairman noted that the four project proposals had been approved for an amount of US\$180,774, in connection with the request by France for bilateral cooperation.
61. The Executive Committee requested the Governments of Bangladesh and Mauritania to provide information on the progress of the country programmes within one year of their approval, i.e. on 29 September 1995 and annually on the 29th day of September of each subsequent year.

Agenda item 9: Project proposal

Venezuela

62. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/14/11/Rev.1 concerning the project proposal on the conversion of a CFC-12 based mobile air conditioner heat exchangers manufacturer using HFC-134a as refrigerant, submitted by the World Bank. The project had been considered first at the Sub-Committee on Project Review meeting and then at the Thirteenth Meeting of the Executive Committee. The Sub-Committee had recognized that part of the conversion costs were due to technological advances and were not eligible as incremental costs. A revised proposal was then submitted by the Government of Venezuela to the World Bank and the Fund Secretariat, which jointly examined a methodology to determine the eligible incremental costs of the evaporator line, after which the costs of the evaporator line were reduced by 48 per cent (US\$428,000).
63. The Committee approved the project proposal in the amount of US\$3,802,000, to be implemented through the World Bank. It also requested any Party or Implementing Agency to provide an explanation of the methodology used for calculating incremental costs when submitting project proposals for MAC conversions to HFC-134a refrigerant, including a description of any technological advances provided to meet customers' new technical requirements.
64. One representative expressed the view that there appeared to be a lack of trust in the Implementing Agencies and a duplication of effort by the Implementing Agencies and the Secretariat. Several representatives stated that each had its own role to play and the role of the

Secretariat was unique, since, in reviewing projects and incremental costs, it took into account the interests of all the Parties; therefore, there was no duplication of effort. Several representatives stated that the Secretariat had carried out the responsibilities assigned to it by the Executive Committee and had their delegations' full support.

Agenda item 10: The administrative costs of the Financial Mechanism (Draft)

65. The Chairman drew attention to document UNEP/OzL.Pro/ExCom/14/12, on the administrative costs of the Financial Mechanism, which had been prepared in response to a request made to the Secretariat by the Executive Committee at its Twelfth Meeting.

66. Document UNEP/OzL.Pro/ExCom/14/12 was introduced by the consultant who had been engaged by the Secretariat to prepare it.

67. Drawing attention to the two options in Annex B, paragraph 6 (a) and (b) of the report, he said that the total transparency approach would require changes in reporting, and there was some reluctance on the part of the Implementing Agencies to adopt the new format as he had proposed. The alternative for the Committee would be to accept the findings of the report that the administrative costs were not excessive and leave the present system unchanged, even though it would mean that the exact administrative costs would not be known.

68. The representative of the World Bank said that the Bank had circulated a letter on the report. As stated in the letter, it believed that the report was a good start. With regard to the issue of transparency and the basis of comparison of administrative costs, he said that the World Bank did not charge a flat 13 per cent support costs but rather charged administrative costs, project preparation costs and other project deliverables separately. It reported to the Executive Committee on its expenses on an activity-by-activity basis and also submitted annual reports on an item-by-item basis. Full records were available and the audited report was submitted to the Executive Committee every year. He therefore believed that there was already complete transparency. He was concerned that obligatory reporting on a project-by-project basis would place an additional burden on the Implementing Agencies. With regard to the assessment of the relative administrative costs of the various Implementing Agencies, he believed the study used ratios that were generally not relevant to the World Bank, as the costs were compared to disbursement and not to the overall portfolio.

69. The representative of UNDP commended the consultant on his excellent work. It had settled any feeling that might have existed that the support costs represented windfall profits to the Implementing Agencies. From mid-1991 to mid-1993, UNDP work programmes had concentrated on technical assistance, technical training and demonstration activities, as well as national and regional workshops, all of which were highly labour and cost intensive, and resulted in costs to UNDP much over the 13 per cent level. Since mid-1993, UNDP work programmes had focused more on investment projects with a resulting small decrease in costs. Thus, UNDP could manage with the existing 13 per cent support cost figure. However, if the second option of very detailed cost item reporting was selected, UNDP would then expect approval of the results of this exercise, which would in all probability lead to higher administrative support cost levels for UNDP.

70. The representative of UNEP said that UNEP's comments were adequately reflected in the draft. UNEP was in favour of the present system as the alternative would be an additional burden for the Implementing Agencies.

71. The representative of UNIDO said that her Organization's views were reflected in the draft. She would, however, emphasize that all the Implementing Agencies must be treated equally and that transparency must include equal treatment of allowable costs. UNIDO had not charged for its project preparation costs, whereas the other three Implementing Agencies had. The Organization could accept whatever decision the Committee might take, as long as it was implemented on an equal basis.

72. All the representatives who took the floor on the subject congratulated the consultant on his report. Some said that it had shown that the administrative costs were comparable to those under other funds and had put to rest any concerns about the possibility about windfall profits to the Implementing Agencies. Many believed that detailed reporting, while possible, was not worthwhile as it imposed a heavy and costly burden on both the Secretariat and the Implementing Agencies. Several representatives supported payment of administrative costs on the basis habitually used by some United Nations agencies of 13 per cent of programme costs. One representative stressed that the administrative costs of implementing the programme in the small-scale and informal sector was expected to be much higher. One representative, however, favoured the transparency approach, which would make the Implementing Agencies more responsible and comparable. Some representatives supported the retention of the existing system. While expressing concerns at following the route of micro-management, the representative of the World Bank supported the suggestion by several representatives that efforts should be made to pursue transparency and equal treatment. That could be done by attempting to reach common definitions on boundaries of programme and administrative costs. Another representative said that categorization was the first imperative; the Committee could then choose between the two systems. In future, the actual administrative costs would fall below 13 per cent, and he was therefore reluctant to go for the 13 per cent option. The representative of the World Bank said that, while the Bank supported uniform cost categorization, it should be anticipated that the end-result would be different levels of costs for different agencies, and that outcome should not be surprising, since they all provided different types of service.

73. The representative of UNDP welcomed the idea of establishing broad categories of costs.

74. In conclusion, the Chairman proposed, and the Committee agreed, to ask the World Bank, the representative of Norway, the consultant and the Secretariat to consider the matter further, with input from other interested representatives, and to report back to the Committee with a recommendation.

75. As requested by the Chairman of the Executive Committee, the representatives of Norway, the World Bank, the Fund Secretariat and the consultant met and agreed on the following:

- (a) The consultant should continue working on the good basis of the current Report and prepare, together with the participation of the four Implementing Agencies, the agreed categories of costs based on a common understanding of administrative costs and project-related costs for budgeting and financial reporting;
- (b) Cost ratios should be identified to reflect the burden of administrative costs on the Multilateral Fund;
- (c) A discussion of the options should be presented on the basis of the above analysis;
- (d) The result would be presented to the Fifteenth Meeting of the Executive Committee.

76. The Executive Committee accepted the recommendations in subparagraphs 75 (a)-(d) above.

Agenda item 11: Letter of implementation strategy for small Montreal Protocol investment operations through an umbrella agreement (submitted by the World Bank and the Government of India)

77. Introducing item 11, the Chairman recalled that the Executive Committee had considered the issue at its Thirteenth Meeting and had subsequently approved an expedited approval process (UNEP/OzL.Pro/ExCom/13/47, para. 68). It had also welcomed the proposal of the World Bank to present a draft umbrella agreement with India to the Committee at the present Meeting (UNEP/OzL.Pro/ExCom/13/47, para. 71).

78. Introducing the Letter of implementation strategy for small Montreal Protocol investment operations through an umbrella agreement (UNEP/OzL.Pro/ExCom/14/13), the representative of the World Bank said that, in consultation with the Government of India, the World Bank had formulated an approval process which would avoid any potential policy issues by proposing consuming-sector projects only which met the following criteria: the majority of costs were incremental capital costs; they resulted in full phase-out of ODS through one-time funding; they fell below the proposed cost-effectiveness level. He was confident that there were a sufficient number of non-controversial projects that met the policy criteria.

79. A number of representatives questioned whether the implementation strategy was in accordance with the decision adopted by the Committee at its Thirteenth Meeting, which had explicitly stated that funding would only be made available after approval by the

Executive Committee. Another representative, however, said that the decision was only a first step and some small change could be introduced to make it clearer that the projects must be standard and replicable.

80. The representative of the World Bank clarified that the intention was not to receive Funding prior to approval. The aim was to earmark the funds so that if the projects were approved, funds would be readily available.

81. The representative of UNDP cautioned that, if such a system was extended to a number Of countries, it might become necessary to limit the funds that could be earmarked. Otherwise, the process might restrict funds for projects ready for immediate approval.

82. The Committee agreed that a sum of US\$4,000,000 should be earmarked for the six -Month pilot phase. Funds would be disbursed by the Treasurer to the World Bank in the amount approved by the Executive Committee after the Executive Committee's approval of each individual project.

Agenda item 12: Other matters

strengthening the Secretariat

83. The Chairman said that he and the Vice-Chairman had discussed with the Executive Director of UNEP the performance and workload of the Secretariat over the past years. It was understood that some posts in the Secretariat might be reclassified, subject to justification. The Chairman invited members to come forward with suggestions on ways and means to strengthen the Secretariat. Status of the implementation performance review of the Bank-implemented Montreal Protocol investment operations

84. The representative of the World Bank introduced document UNEP/OzL.Pro/ExCom/14/Inf.3, on the status of the implementation performance review of Bank-implemented Montreal Protocol investment operations. He said that it had been indicated at the Twelfth Meeting of the Executive Committee that the report would be submitted to the Committee at its current Meeting. The report was not, however, complete as several of the follow-up items, including the country level action plans and country-level matrices were still outstanding. A draft final report was, however, available and would be circulated to members of the Committee. He said that the exercise had proved useful and had covered 19 countries in various regions and the whole range of the project cycle, from design to full implementation. The review had found that operational difficulties had been reduced over the years. It had also highlighted the development of local capacities as the most critical issue in effective implementation. Procedures had been put in place for investment projects, and the Bank had found additional ways of accelerating project processing leading to earlier project

implementation. A number of country-specific issues had been identified and three parallel efforts were under way to address them: establishment of focal groups in the World Bank to follow up outstanding issues; establishment of country-level action plans; and continued efforts to streamline project approval procedures. It was understood that the World Bank would be finalizing the report over the next few weeks and would submit a final report to the Fifteenth Meeting.

IV. ADOPTION OF THE REPORT

85. The Executive Committee adopted the present report, on the basis of the draft report contained in document UNEP/OzL.Pro/ExCom/14/L.1, at its closing session, on 30 September 1994

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

86. The Committee decided to hold its Fifteenth Meeting at Montreal from 13-16 December 1994

87. It further decided that the Sub Committee on the Review under Paragraph 8 of Article 5 and the Project Review Sub Committee would meet on the day before the start of the Meeting, 12 December 1994.

87. It also decided that the new members of the Project Review Sub Committee and the Sub Committee on Financial Matters would be selected at an informal meeting of the Executive Committee during the Sixth Meeting of the Parties to the Montreal Protocol, once the Meeting of the Parties had decided upon the new membership of the Committee.

V. CLOSURE OF THE MEETING

89. Following the customary exchange of courtesies, the Chairman declared the Fourteenth Meeting of the Executive Committee closed.

Annex I

**MULTILATERAL FUND FOR THE IMPLEMENTATION OF
THE MONTREAL PROTOCOL: CONTRIBUTIONS AND
FUND DISBURSEMENTS**

A. STATUS OF THE FUND AS AT 28 SEPTEMBER 1994

| | <u>US dollars</u> |
|--|-----------------------|
| INCOME | |
| Contributions received | |
| - Cash payments | 196,236,887 |
| - Promissory notes | 35,228,261 |
| Bilateral contributions | 7,056,368 |
| Interest earned 5,004,694 | |
| Miscellaneous income | 2,093,536 |
| TOTAL | 245,619,746 |
| CASH DISBURSEMENTS | |
| UNDP 61,337,995 | |
| UNEP 12,452,254 | |
| UNIDO | 22,440,794 |
| World Bank | 90,095,944 |
| Bilateral assistance | 7,056,368 |
| Secretariat (1991—1994) | 8,923,526 |
| Programme support (1991—1994) | 379,692 |
| Cash advance to Ozone Secretariat | 450,000 |
| TOTAL | 203,136,573 |
| PROMISSORY NOTES TRANSFERRED OR EARMARKED | |
| World Bank's 13th ExCom approvals | 13,578,450 |
| TOTAL | 13,578,450 |
| BALANCE AVAILABLE | 28,904,723 |

**B. 1991 - 1994 CONTRIBUTIONS SUMMARY STATUS
AS AT 28 SEPTEMBER 1994**

| DESCRIPTION | 1991 | 1992 | 1993 | 1994 | TOTAL |
|-----------------------|------------|------------|-------------|-------------|-------------|
| PLEDGED CONTRIBUTIONS | 53,320,777 | 73,339,613 | 114,627,731 | 151,672,304 | 392,960,425 |
| CASH PAYMENTS | 45,321,555 | 57,784,915 | 81,105,589 | 12,024,828 | 196,236,887 |
| BILATERAL ASSISTANCE | 480,000 | 1,726,772 | 2,282,736 | 2,566,860 | 7,056,368 |
| PROMISSORY NOTES | 0 | 3,283,914 | 7,994,173 | 23,950,174 | 35,228,261 |
| TOTAL PAYMENT | 45,801,555 | 62,795,601 | 91,382,498 | 38,541,862 | 238,521,516 |
| OUTSTANDING PLEDGES | 7,519,222 | 10,544,012 | 23,245,233 | 113,130,442 | 154,438,909 |

**C. 1991 - 1994 CONTRIBUTIONS SUMMARY STATUS BY COUNTRY
AS AT 28 SEPTEMBER 1994**

| PARTY | AGREED CONTRIBUTIONS (US\$) | CASH PAYMENTS (US\$) | BILATERAL ASSISTANCE (US\$) | PROMISSORY NOTES (US\$) | OUTSTANDING CONTRIBUTIONS (US\$) |
|--------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------------------------|--|
| AUSTRALIA | 6,958,244 | 5,680,461 | 102,571 | 0 | 1,175,212 |
| AUSTRIA | 3,397,460 | 1,715,371 | 0 | 0 | 1,682,089 |
| BAHRAIN | 69,428 | 0 | 0 | 0 | 69,428 |
| BELARUS | 1,962,872 | 0 | 0 | 0 | 1,962,872 |
| BELGIUM | 4,984,574 | 3,135,548 | 0 | 0 | 1,849,026 |
| BRUNEI DARUSSALAM | 14,127 | 0 | 0 | 0 | 14,127 |
| BULGARIA | 526,756 | 222,032 | 0 | 0 | 304,724 |
| CANADA | 14,119,750 | 8,694,777 | 833,333 | 0 | 4,591,640 |
| CYPRUS | 61,534 | 0 | 0 | 0 | 61,534 |
| CZECH REPUBLIC | 2,023,271 | 139,445 | 0 | 0 | 1,883,826 |
| DENMARK | 3,016,144 | 2,806,144 | 0 | 0 | 210,000 |
| FINLAND | 2,504,891 | 2,504,891 | 0 | 0 | 0 |
| FRANCE | 27,665,722 | 5,921,449 | 74,000 | 19,651,087 | 2,019,186 |
| GERMANY | 41,261,119 | 25,665,567 | 18,378 | 15,577,174 | 0 |
| GREECE | 1,665,998 | 2,298,143 | 0 | 0 | (632,145) |
| HUNGARY | 863,111 | 0 | 0 | 0 | 863,111 |
| ICELAND | 136,487 | 149,483 | 0 | 0 | (12,996) |
| IRELAND | 818,926 | 504,940 | 0 | 0 | 313,986 |
| ISRAEL | 707,647 | 306,443 | 0 | 0 | 401,204 |
| ITALY | 19,075,861 | 7,620,945 | 0 | 0 | 11,454,916 |
| JAPAN | 55,066,370 | 33,349,034 | 0 | 0 | 21,717,336 |
| KOREA, REPUBLIC OF | 2,122,941 | 0 | 0 | 0 | 2,122,941 |
| KUWAIT | 722,640 | 0 | 0 | 0 | 722,640 |
| LIECHTENSTEIN | 45,496 | 45,496 | 0 | 0 | 0 |
| LUXEMBOURG | 272,976 | 272,976 | 0 | 0 | 0 |
| MALTA | 28,052 | 28,052 | 0 | 0 | 0 |
| MONACO | 24,927 | 4,353 | 0 | 0 | 20,574 |
| NETHERLANDS | 7,045,306 | 4,428,759 | 0 | 0 | 2,616,547 |
| NEW ZEALAND | 1,091,899 | 1,091,899 | 0 | 0 | 0 |
| NORWAY | 2,502,271 | 1,542,871 | 0 | 0 | 959,400 |
| PANAMA | 5,638 | 5,638 | 0 | 0 | 0 |
| POLAND | 1,919,379 | 473,318 | 0 | 0 | 1,446,061 |
| PORTUGAL | 880,460 | 0 | 0 | 0 | 880,460 |
| RUSSIAN FEDERATION | 35,358,687 | 0 | 0 | 0 | 35,358,687 |
| SAUDI ARABIA | 2,431,518 | 0 | 0 | 0 | 2,431,518 |
| SINGAPORE | 531,221 | 457,897 | 71,976 | 0 | 1,348 |
| SLOVAKIA | 226,767 | 0 | 0 | 0 | 226,767 |
| SOUTH AFRICA | 1,924,244 | 1,670,055 | 30,000 | 0 | 224,189 |
| SPAIN | 8,963,991 | 8,963,991 | 0 | 0 | 0 |
| SWEDEN | 5,197,324 | 3,261,080 | 0 | 0 | 1,936,244 |
| SWITZERLAND | 5,072,471 | 5,072,471 | 0 | 0 | 0 |
| UKRAINE | 7,594,551 | 0 | 0 | 0 | 7,594,551 |
| UNITED ARAB EMIRATES | 925,956 | 279,843 | 0 | 0 | 646,113 |
| UNITED KINGDOM | 22,583,257 | 13,826,548 | 0 | 0 | 8,756,709 |
| UNITED STATES OF AMERICA | 97,918,236 | 54,096,967 | 5,926,110 | 0 | 37,895,159 |
| UZBEKISTAN | 669,925 | 0 | 0 | 0 | 669,925 |
| TOTAL | 392,960,425 | 196,236,887 | 7,056,368 | 35,228,261 | 154,438,909 |

D. STATUS OF CONTRIBUTIONS FOR 1994

AS AT 28 SEPTEMBER 1994

| PARTY | AGREED CONTRIBUTIONS (US\$) | CASH PAYMENTS (US\$) | BILATERAL ASSISTANCE (US\$) | PROMISSORY NOTES (US\$) | OUTSTANDING CONTRIBUTIONS (US\$) |
|--------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------------------------|--|
| AUSTRALIA | 2,633,990 | 1,399,918 | 58,860 | 0 | 1,175,212 |
| AUSTRIA | 1,308,273 | 0 | 0 | 0 | 1,308,273 |
| BAHRAIN | 0 | 0 | 0 | 0 | 0 |
| BELARUS | 837,295 | 0 | 0 | 0 | 837,295 |
| BELGIUM | 1,849,026 | 0 | 0 | 0 | 1,849,026 |
| BRUNEI DARUSSALAM | 0 | 0 | 0 | 0 | 0 |
| BULGARIA | 226,767 | 0 | 0 | 0 | 226,767 |
| CANADA | 5,424,973 | 833,333 | 0 | 0 | 4,591,640 |
| CYPRUS | 34,887 | 0 | 0 | 0 | 34,887 |
| CZECH REPUBLIC | 732,633 | 0 | 0 | 0 | 732,633 |
| DENMARK | 1,133,837 | 923,837 | 0 | 0 | 210,000 |
| FINLAND | 994,288 | 994,288 | 0 | 0 | 0 |
| FRANCE | 10,466,186 | 0 | 74,000 | 8,373,000 | 2,019,186 |
| GERMANY | 15,577,174 | 0 | 0 | 15,577,174 | 0 |
| GREECE | 610,528 | 1,242,673 | 0 | 0 | (632,145) |
| HUNGARY | 313,986 | 0 | 0 | 0 | 313,986 |
| ICELAND | 52,331 | 65,327 | 0 | 0 | (12,996) |
| IRELAND | 313,986 | 0 | 0 | 0 | 313,986 |
| ISRAEL | 401,204 | 0 | 0 | 0 | 401,204 |
| ITALY | 7,483,323 | 0 | 0 | 0 | 7,483,323 |
| JAPAN | 21,717,336 | 0 | 0 | 0 | 21,717,336 |
| KOREA, REPUBLIC OF | 1,203,611 | 0 | 0 | 0 | 1,203,611 |
| KUWAIT | 436,091 | 0 | 0 | 0 | 436,091 |
| LIECHTENSTEIN | 17,444 | 17,444 | 0 | 0 | 0 |
| LUXEMBOURG | 104,662 | 104,662 | 0 | 0 | 0 |
| MALTA | 0 | 0 | 0 | 0 | 0 |
| MONACO | 17,444 | 0 | 0 | 0 | 17,444 |
| NETHERLANDS | 2,616,547 | 0 | 0 | 0 | 2,616,547 |
| NEW ZEALAND | 418,647 | 418,647 | 0 | 0 | 0 |
| NORWAY | 959,400 | 0 | 0 | 0 | 959,400 |
| PANAMA | 5,638 | 5,638 | 0 | 0 | 0 |
| POLAND | 819,851 | 0 | 0 | 0 | 819,851 |
| PORTUGAL | 348,873 | 0 | 0 | 0 | 348,873 |
| RUSSIAN FEDERATION | 11,704,685 | 0 | 0 | 0 | 11,704,685 |
| SAUDI ARABIA | 1,674,590 | 0 | 0 | 0 | 1,674,590 |
| SINGAPORE | 209,324 | 167,976 | 40,000 | 0 | 1,348 |
| SLOVAKIA | 226,767 | 0 | 0 | 0 | 226,767 |
| SOUTH AFRICA | 715,189 | 461,000 | 30,000 | 0 | 224,189 |
| SPAIN | 3,453,841 | 3,453,841 | 0 | 0 | 0 |
| SWEDEN | 1,936,244 | 0 | 0 | 0 | 1,936,244 |
| SWITZERLAND | 1,936,244 | 1,936,244 | 0 | 0 | 0 |
| UKRAINE | 3,261,961 | 0 | 0 | 0 | 3,261,961 |
| UNITED ARAB EMIRATES | 366,317 | 0 | 0 | 0 | 366,317 |
| UNITED KINGDOM | 8,756,709 | 0 | 0 | 0 | 8,756,709 |
| UNITED STATES OF AMERICA | 37,916,667 | 0 | 2,364,000 | 0 | 35,552,667 |
| UZBEKISTAN | 453,535 | 0 | 0 | 0 | 453,535 |
| TOTAL | 151,672,304 | 12,024,828 | 2,566,860 | 23,950,174 | 113,130,442 |

**E. STATUS OF CONTRIBUTIONS FOR 1993
AS AT 28 SEPTEMBER 1994**

| PARTY | AGREED CONTRIBUTIONS (US\$) | CASH PAYMENTS (US\$) | BILATERAL ASSISTANCE (US\$) | PROMISSORY NOTES (US\$) | OUTSTANDING CONTRIBUTIONS (US\$) |
|--------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------------------------|--|
| AUSTRALIA | 2,011,867 | 2,007,550 | 4,317 | 0 | 0 |
| AUSTRIA | 999,272 | 625,456 | 0 | 0 | 373,816 |
| BAHRAIN | 39,971 | 0 | 0 | 0 | 39,971 |
| BELARUS | 639,534 | 0 | 0 | 0 | 639,534 |
| BELGIUM | 1,412,304 | 1,412,304 | 0 | 0 | 0 |
| BRUNEI DARUSSALAM | 14,127 | 0 | 0 | 0 | 14,127 |
| BULGARIA | 173,207 | 95,250 | 0 | 0 | 77,957 |
| CANADA | 4,143,646 | 3,310,313 | 833,333 | 0 | 0 |
| CYPRUS | 26,647 | 0 | 0 | 0 | 26,647 |
| CZECH REPUBLIC | 732,799 | 0 | 0 | 0 | 732,799 |
| DENMARK | 866,035 | 866,035 | 0 | 0 | 0 |
| FINLAND | 759,446 | 759,446 | 0 | 0 | 0 |
| FRANCE | 7,994,173 | 0 | 0 | 7,994,173 | 0 |
| GERMANY | 11,897,994 | 11,897,994 | 0 | 0 | 0 |
| GREECE | 466,327 | 466,327 | 0 | 0 | 0 |
| HUNGARY | 239,825 | 0 | 0 | 0 | 239,825 |
| ICELAND | 39,971 | 39,971 | 0 | 0 | 0 |
| IRELAND | 239,825 | 239,825 | 0 | 0 | 0 |
| ISRAEL | 306,443 | 306,443 | 0 | 0 | 0 |
| ITALY | 5,715,834 | 1,744,241 | 0 | 0 | 3,971,593 |
| JAPAN | 16,587,909 | 16,587,909 | 0 | 0 | 0 |
| KOREA, REPUBLIC OF | 919,330 | 0 | 0 | 0 | 919,330 |
| KUWAIT | 286,549 | 0 | 0 | 0 | 286,549 |
| LIECHTENSTEIN | 13,324 | 13,324 | 0 | 0 | 0 |
| LUXEMBOURG | 79,942 | 79,942 | 0 | 0 | 0 |
| MALTA | 13,324 | 13,324 | 0 | 0 | 0 |
| MONACO | 7,483 | 4,353 | 0 | 0 | 3,130 |
| NETHERLANDS | 1,998,543 | 1,998,543 | 0 | 0 | 0 |
| NEW ZEALAND | 319,767 | 319,767 | 0 | 0 | 0 |
| NORWAY | 732,799 | 732,799 | 0 | 0 | 0 |
| PANAMA | 0 | 0 | 0 | 0 | 0 |
| POLAND | 626,210 | 0 | 0 | 0 | 626,210 |
| PORTUGAL | 266,472 | 0 | 0 | 0 | 266,472 |
| RUSSIAN FEDERATION | 8,940,150 | 0 | 0 | 0 | 8,940,150 |
| SAUDI ARABIA | 756,928 | 0 | 0 | 0 | 756,928 |
| SINGAPORE | 159,883 | 127,907 | 31,976 | 0 | 0 |
| SLOVAKIA | 0 | 0 | 0 | 0 | 0 |
| SOUTH AFRICA | 546,268 | 546,268 | 0 | 0 | 0 |
| SPAIN | 2,638,077 | 2,638,077 | 0 | 0 | 0 |
| SWEDEN | 1,478,922 | 1,478,922 | 0 | 0 | 0 |
| SWITZERLAND | 1,545,540 | 1,545,540 | 0 | 0 | 0 |
| UKRAINE | 2,491,517 | 0 | 0 | 0 | 2,491,517 |
| UNITED ARAB EMIRATES | 279,796 | 0 | 0 | 0 | 279,796 |
| UNITED KINGDOM | 6,668,458 | 6,668,458 | 0 | 0 | 0 |
| UNITED STATES OF AMERICA | 28,334,903 | 24,579,301 | 1,413,110 | 0 | 2,342,492 |
| UZBEKISTAN | 216,390 | 0 | 0 | 0 | 216,390 |
| TOTAL | 114,627,731 | 81,105,589 | 2,282,736 | 7,994,173 | 23,245,233 |

**F. STATUS OF CONTRIBUTIONS FOR 1992
AS AT 28 SEPTEMBER 1994**

| PARTY | AGREED CONTRIBUTIONS (US\$) | CASH PAYMENTS (US\$) | BILATERAL ASSISTANCE (US\$) | PROMISSORY NOTES (US\$) | OUTSTANDING CONTRIBUTIONS (US\$) |
|--------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------------------------|--|
| AUSTRALIA | 1,326,980 | 1,287,586 | 39,394 | 0 | 0 |
| AUSTRIA | 625,456 | 625,456 | 0 | 0 | 0 |
| BAHRAIN | 16,904 | 0 | 0 | 0 | 16,904 |
| BELARUS | 278,919 | 0 | 0 | 0 | 278,919 |
| BELGIUM | 988,896 | 988,896 | 0 | 0 | 0 |
| BRUNEI DARUSSALAM | 0 | 0 | 0 | 0 | 0 |
| BULGARIA | 126,782 | 126,782 | 0 | 0 | 0 |
| CANADA | 2,611,699 | 2,611,699 | 0 | 0 | 0 |
| CYPRUS | 0 | 0 | 0 | 0 | 0 |
| CZECH REPUBLIC | 557,839 | 139,445 | 0 | 0 | 418,394 |
| DENMARK | 583,195 | 583,195 | 0 | 0 | 0 |
| FINLAND | 431,057 | 431,057 | 0 | 0 | 0 |
| FRANCE | 5,282,564 | 1,998,650 | 0 | 3,283,914 | 0 |
| GERMANY | 7,911,167 | 7,892,789 | 18,378 | 0 | 0 |
| GREECE | 338,084 | 338,084 | 0 | 0 | 0 |
| HUNGARY | 177,494 | 0 | 0 | 0 | 177,494 |
| ICELAND | 25,356 | 25,356 | 0 | 0 | 0 |
| IRELAND | 152,138 | 152,138 | 0 | 0 | 0 |
| ISRAEL | 0 | 0 | 0 | 0 | 0 |
| ITALY | 3,372,389 | 3,372,389 | 0 | 0 | 0 |
| JAPAN | 9,618,492 | 9,618,492 | 0 | 0 | 0 |
| KOREA, REPUBLIC OF | 0 | 0 | 0 | 0 | 0 |
| KUWAIT | 0 | 0 | 0 | 0 | 0 |
| LIECHTENSTEIN | 8,452 | 8,452 | 0 | 0 | 0 |
| LUXEMBOURG | 50,713 | 50,713 | 0 | 0 | 0 |
| MALTA | 8,452 | 8,452 | 0 | 0 | 0 |
| MONACO | 0 | 0 | 0 | 0 | 0 |
| NETHERLANDS | 1,394,597 | 1,394,597 | 0 | 0 | 0 |
| NEW ZEALAND | 202,850 | 202,850 | 0 | 0 | 0 |
| NORWAY | 464,866 | 464,866 | 0 | 0 | 0 |
| PANAMA | 0 | 0 | 0 | 0 | 0 |
| POLAND | 473,318 | 473,318 | 0 | 0 | 0 |
| PORTUGAL | 152,138 | 0 | 0 | 0 | 152,138 |
| RUSSIAN FEDERATION | 8,443,650 | 0 | 0 | 0 | 8,443,650 |
| SAUDI ARABIA | 0 | 0 | 0 | 0 | 0 |
| SINGAPORE | 92,973 | 92,973 | 0 | 0 | 0 |
| SLOVAKIA | 0 | 0 | 0 | 0 | 0 |
| SOUTH AFRICA | 380,345 | 380,345 | 0 | 0 | 0 |
| SPAIN | 1,648,160 | 1,648,160 | 0 | 0 | 0 |
| SWEDEN | 1,022,704 | 1,022,704 | 0 | 0 | 0 |
| SWITZERLAND | 912,827 | 912,827 | 0 | 0 | 0 |
| UKRAINE | 1,056,513 | 0 | 0 | 0 | 1,056,513 |
| UNITED ARAB EMIRATES | 160,590 | 160,590 | 0 | 0 | 0 |
| UNITED KINGDOM | 4,107,721 | 4,107,721 | 0 | 0 | 0 |
| UNITED STATES OF AMERICA | 18,333,333 | 16,664,333 | 1,669,000 | 0 | 0 |
| UZBEKISTAN | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 73,339,613 | 57,784,915 | 1,726,772 | 3,283,914 | 10,544,012 |

**G. STATUS OF CONTRIBUTIONS FOR 1991
AS AT 28 SEPTEMBER 1994**

| | AGREED CONTRIBUTIONS (US\$) | CASH PAYMENTS (US\$) | BILATERAL ASSISTANCE (US\$) | PROMISSORY NOTES (US\$) | OUTSTANDING CONTRIBUTIONS (US\$) |
|--------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------------------------|--|
| AUSTRALIA | 985,407 | 985,407 | 0 | 0 | 0 |
| AUSTRIA | 464,459 | 464,459 | 0 | 0 | 0 |
| BAHRAIN | 12,553 | 0 | 0 | 0 | 12,553 |
| BELARUS | 207,124 | 0 | 0 | 0 | 207,124 |
| BELGIUM | 734,348 | 734,348 | 0 | 0 | 0 |
| BRUNEI DARUSSALAM | 0 | 0 | 0 | 0 | 0 |
| BULGARIA | 0 | 0 | 0 | 0 | 0 |
| CANADA | 1,939,432 | 1,939,432 | 0 | 0 | 0 |
| CYPRUS | 0 | 0 | 0 | 0 | 0 |
| CZECH REPUBLIC | 0 | 0 | 0 | 0 | 0 |
| DENMARK | 433,077 | 433,077 | 0 | 0 | 0 |
| FINLAND | 320,100 | 320,100 | 0 | 0 | 0 |
| FRANCE | 3,922,799 | 3,922,799 | 0 | 0 | 0 |
| GERMANY | 5,874,784 | 5,874,784 | 0 | 0 | 0 |
| GREECE | 251,059 | 251,059 | 0 | 0 | 0 |
| HUNGARY | 131,806 | 0 | 0 | 0 | 131,806 |
| ICELAND | 18,829 | 18,829 | 0 | 0 | 0 |
| IRELAND | 112,977 | 112,977 | 0 | 0 | 0 |
| ISRAEL | 0 | 0 | 0 | 0 | 0 |
| ITALY | 2,504,315 | 2,504,315 | 0 | 0 | 0 |
| JAPAN | 7,142,633 | 7,142,633 | 0 | 0 | 0 |
| KOREA, REPUBLIC OF | 0 | 0 | 0 | 0 | 0 |
| KUWAIT | 0 | 0 | 0 | 0 | 0 |
| LIECHTENSTEIN | 6,276 | 6,276 | 0 | 0 | 0 |
| LUXEMBOURG | 37,659 | 37,659 | 0 | 0 | 0 |
| MALTA | 6,276 | 6,276 | 0 | 0 | 0 |
| MONACO | 0 | 0 | 0 | 0 | 0 |
| NETHERLANDS | 1,035,619 | 1,035,619 | 0 | 0 | 0 |
| NEW ZEALAND | 150,635 | 150,635 | 0 | 0 | 0 |
| NORWAY | 345,206 | 345,206 | 0 | 0 | 0 |
| PANAMA | 0 | 0 | 0 | 0 | 0 |
| POLAND | 0 | 0 | 0 | 0 | 0 |
| PORTUGAL | 112,977 | 0 | 0 | 0 | 112,977 |
| RUSSIAN FEDERATION | 6,270,202 | 0 | 0 | 0 | 6,270,202 |
| SAUDI ARABIA | 0 | 0 | 0 | 0 | 0 |
| SINGAPORE | 69,041 | 69,041 | 0 | 0 | 0 |
| SLOVAKIA | 0 | 0 | 0 | 0 | 0 |
| SOUTH AFRICA | 282,442 | 282,442 | 0 | 0 | 0 |
| SPAIN | 1,223,913 | 1,223,913 | 0 | 0 | 0 |
| SWEDEN | 759,454 | 759,454 | 0 | 0 | 0 |
| SWITZERLAND | 677,860 | 677,860 | 0 | 0 | 0 |
| UKRAINE | 784,560 | 0 | 0 | 0 | 784,560 |
| UNITED ARAB EMIRATES | 119,253 | 119,253 | 0 | 0 | 0 |
| UNITED KINGDOM | 3,050,369 | 3,050,369 | 0 | 0 | 0 |
| UNITED STATES OF AMERICA | 13,333,333 | 12,853,333 | 480,000 | 0 | 0 |
| UZBEKISTAN | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 53,320,777 | 45,321,555 | 480,000 | 0 | 7,519,222 |

Annex II

REPORT OF THE SUB-COMMITTEE FOR THE REPORT ON
THE REVIEW UNDER PARAGRAPH 8 OF ARTICLE 5
OF THE MONTREAL PROTOCOL

1. Pursuant to a decision of the Executive Committee at its Thirteenth Meeting, the Sub-Committee for the Report on the Review under Paragraph 8 of Article 5 of the Montreal Protocol was convened at the headquarters of the United Nations Environment Programme in Nairobi, on 28 September 1994. The meeting was chaired by Mr. John Whitelaw (Australia) and was attended by representatives of Australia, Brazil, Denmark, India, United States of America and Venezuela.
2. Following a short closed session, the Sub-Committee heard a brief presentation by representatives of the Consultant of the latter's preliminary draft report (UNEP/OzL.Pro/ExCom/14/5). The members of the Sub-Committee then posed a number of questions regarding the report, which were answered by the representatives of the Consultant.
3. The Sub-Committee agreed that the report was basically a good one, but decided to instruct the Consultant to make the following changes:
 - (a) To explain how the model simulates the initiation of projects;
 - (b) To prepare an additional table for the 98 model projects showing figures for ODS use, capital costs, operating costs, duration of operating costs and Unit Abatement Costs. Copies of model projects will be provided to Executive Committee members upon request;
 - (c) To clarify Exhibit 4-5 showing the amount of consumption projected for countries without country programmes;
 - (d) To include an additional column in the tables to reflect actual costs defined in all aspects as identical to the real resource costs with one exception, namely, that rising ODS prices shall be assumed, and to include explanatory text on how prices were forecast;
 - (e) To incorporate the key information given by the Consultant to the meeting in the next version of the report;
 - (f) To insert an amount of US\$ 700 million corresponding to the mid-point in the range given for production phase-out costs in the column of Fund costs; the sum to be included pro rata over the number of years remaining until the target phase-out date;

- (g) To make the best possible effort to determine the fraction of ODS consumption in developing countries that is used for export to countries not operating under Article 5 and to calculate the reduction in real resource costs and the actual costs as defined by the Sub-Committee as a result of these exports;
- (h) To develop explanatory material on chlorine loading factors in the Consultant's report and the Executive Summary;
- (i) To amplify paragraphs 202, 207 and 236 of the Consultant's report;
- (j) To summarize all major policy assumptions in one section of the Consultant's report and clarify that the assumptions contained therein should not prejudice any future policy decisions of the Executive Committee;
- (k) To provide a table of operating costs and capital costs by sector;
- (l) To provide explanatory text on technology forecasting as presented in Exhibit F.
- (m) To include in the Executive Summary and the body of the report:
 - (i) Reference to the difficulty in forecasting rising prices of ODS, and
 - (ii) The substantial sensitivity of projected costs to variations in ODS prices.
- (n) Provide details of assumptions used to determine the operating life of each type of refrigeration and air-conditioning equipment used in the Consultant's models.

4. The Sub-Committee further decided that, in view of the need for continuity in its work, its Chairman should request the Executive Committee not to alter the composition of the Sub-Committee until the Consultant had completed its mandate.

5. The Chairman declared the meeting closed at 6.45 p.m.
