



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL



May 2003

**Post Meeting Summary of Decisions of the 39th Meeting of the Executive Committee
of the Multilateral Fund for the Implementation of the Montreal Protocol**

Introduction

The 39th Meeting of the Executive Committee was attended by the representatives of the 14 Executive Committee member parties and by participants from 18 other co-opted countries (see Annex 1). As this was the first meeting in the 2003-2005 triennium, the Executive Committee considered the financial planning, as well as the three year Business Plan of the Fund. The Committee also followed its standard programme of work for the first meeting of the year which normally includes the consideration of policy papers, business plans and implementing agencies' work programmes. At this meeting the Committee approved investment projects and work programme activities in the amount of US\$ 52 million. **(Decisions 39/17 to 39/48 inclusive and 39/50).**

The Executive Committee took a total of 59 decisions concerning the above activities and other activities such as monitoring and evaluation, project implementation delays, project cancellations, investment projects, a report on LCD technology, country programmes of Albania and Haiti, the Multilateral Fund information strategy and the recruitment procedure for the post of Chief Officer.

Post Meeting Summary

Within the context of the paper considered on the information strategy for the Multilateral Fund, the Secretariat suggested that a concise post-meeting document would assist those who could not attend the meeting by providing background to some of the Executive Committee's decisions. This document is prepared in fulfilment of that proposal. It is structured along the lines of the meeting agenda and provides background to and explains the most salient decisions of the 39th meeting.

Financial and Business Planning

A financial planning exercise is carried out each time the Parties to the Montreal Protocol approve a replenishment for the Multilateral Fund. For the current triennium 2003-2005, the Parties adopted a budget of US\$ 573 million. The Executive Committee decided to allocate US\$ 224 million in 2003, and \$191 million in 2004, and US \$158 million in 2005. **(Decision 39/5).**

Of this total budget, US\$ 325 million had already been committed by the Executive Committee for multi-year agreements, such as those for China's sector phase-out plans, or earmarked for standard costs incurred by the Fund (institutional strengthening, the budget of the Fund Secretariat and Executive Committee meetings, implementing agencies' core unit administrative costs, and UNEP's compliance assistance programme (CAP)). Accounting for pre-commitments and standard costs, the amount of funding that is available for new commitments by the Executive Committee is US\$ 248 million.

None of this funding for new commitments can be allocated to projects that are not included in the 2003-2005 phase-out plan of the Multilateral Fund, which indicates a maximum amount of consumption that the Executive Committee might approve funding for, until the availability of funding for accelerated phase out has been clarified and appropriate criteria for approval have been adopted. The Secretariat will be proposing such criteria at the 40th Meeting. **(Decision 39/49).**

Project Implementation Delays

Delayed projects result in the continuing emission of ODS in addition to the risk that a country might find itself in non-compliance. At the 39th meeting 123 projects were classified as having implementation delays, i.e. projects expected to be completed over 12 months late or where disbursement occurred 18 months after project approval. These projects are subject to the Executive Committee's procedure for projects cancellation and will continue to be monitored at subsequent Executive Committee meetings. Projects are no longer classified as delayed, once progress is reported in the form of attainment of project milestones. **(Decision 39/14).**

Phase-out from cancelled projects

During the thirty-seventh meeting, the Executive Committee observed that several projects were being cancelled after large amounts of funding had been disbursed for the project and as a result noted that the phase-out performance from these projects should be recorded. Subsequently at the 39th meeting, it decided to record as phase-out either the total amount of ODS envisioned in the project or a fraction of that, depending on whether the equipment needed for conversion to non- ODS technology was fully or partially installed. For the five projects cancelled at the 39th meeting, a phase-out of 462 ODP tonnes was recorded. **(Decision 39/13).**

Regional network for Article 5 countries in Eastern Europe/Central Asia

The Executive Committee decided to approve the bilateral requests for the Czech Republic, Hungary and the Slovak Republic and funding for UNEP to establish and support a regional network of ozone officers for ten Eastern European countries and one Central Asian country: Albania, Armenia, Bosnia and Herzegovina, Croatia, Georgia, FYR Macedonia, Moldova, Romania, Serbia and Montenegro, Turkey and Kyrgyzstan. **(Decision 39/18 and 39/28).**

Project Review Issues

The Executive Committee took the special step of only renewing the institutional strengthening projects of Ethiopia and Bahamas for one year, instead of the standard two years, since both countries were in non-compliance with the freeze in CFC consumption. In this regard the Executive Committee requested representatives of the Multilateral Fund and Ozone Secretariats to meet representatives of Ethiopia and the Bahamas to express serious concern and discuss the countries' proposals to return to compliance as soon as possible. **(Decision 39/27)**.

The Executive Committee approved funding for two projects for Bosnia and Herzegovina, one in the rigid foam sub-sector and the other in the commercial refrigeration sub-sector. These projects were approved on the understanding that the approval is without prejudice to the Montreal Protocol's mechanism dealing with non-compliance. In order to assist the Government to expedite its compliance with the CFC reduction measures under the Montreal Protocol, the Executive Committee requested the Government and UNIDO to make every effort to expedite implementation of the projects and ensure that they are completed not later than 15 months from the date of their approval. **(Decision 39/44)**.

Given the need to facilitate China's compliance with the 2005 control measures for CTC, the Executive Committee approved the 2003 annual work programme for the implementation of the sector plan for phase-out of ODS in chemical process agent applications and carbon tetrachloride production, despite a number of concerns about the absence of detail in the project and the annual plan. Certain conditions were applied to this approval by the Executive Committee, including the request for a system for monitoring the implementation of the phase-out agreement. Also in the future annual work programmes clear information about planned activities would have to be provided in order to facilitate and enable monitoring of the plan. **(Decision 39/46)**.

Liquid carbon dioxide (LCD) technology

Based on the finding of the evaluation report on foam projects presented in 2001, the Executive Committee requested a report to evaluate LCD technology in foam projects and in this context to review the interim guidelines in operation since 1998.

The consultant's report presented at the 39th meeting, confirmed the problems highlighted in the foam evaluation and provided considerable insight to the technological problems associated with its application in some Article 5 and non-Article 5 countries. Generally, several enterprises in Article 5 countries that received funding for conversion to the LCD technology were not able to adapt this technology. This meant that the implementation of the technology did not live up to expectations or achieve the desired objectives of replacing CFC with cheaper liquid carbon dioxide. Many companies could not convert to CO² and ended up either using the toxic chemical methylene chloride or continuing the use of CFC.

On considering the report the Executive Committee decided that no further approvals of projects utilizing LCD technology will be made pending a report to the Committee on companies that were successfully using LCD technology in Article 5 countries. This decision was taken since the vast majority of enterprises that received LCD technology suffered implementation delays due, among other things, to the novel nature of the technology. **(Decision 39/52).**

Country Programmes

The Executive Committee approved the country programmes of Albania and Haiti. In the case of Albania, the Parties had already noted its non-compliance, and as such, according to Decision 37/20, project proposals should not be approved by the Executive Committee until the underlying issue of non-compliance had been dealt with through the Implementation Committee. Since the ODS phase-out plan to achieve compliance with the Montreal Protocol has been presented to the Implementation Committee, the Executive Committee was able to approve the Albania country programme without prejudice to the operation of the Montreal Protocol's mechanism dealing with non compliance issues. **(Decisions 39/53 and 39/54)**

Recruitment for the Post of the Chief Officer

Regarding the recruitment for the of the Chief Officer, the Executive Committee decided in keeping with past practice, that a recruitment committee from among its members should be established. The recruitment committee which is headed by Japan and composed of representatives of Bolivia, Burundi, France, India, and the United States of America, will review all applications, interview leading candidates and make a recommendation to the 40th meeting of the Executive Committee. **(Decision 39/58).**

Report of the 39th Meeting

For a complete record of all decisions made at the 39th meeting including those discussed in this document, the reader is referred to the 'Report of the Thirty-Ninth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/39/43) which can be found on the Multilateral Fund's web site (www.unmfs.org).

Annex 1 - Attendance at the 39th meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Austria	Sweden
Belgium	
Canada ¹	
France ²	Italy, Germany, United Kingdom
Hungary	
Japan ³	
United States of America	
Article 5	
Bolivia	Argentina, Brazil, Colombia, Cuba
Burundi	Niger, Guinea
El Salvador ⁴	Mexico, Costa Rica, Panama
India	China, Thailand
Jordan	
Mauritius	Sudan, Zambia
Saint Lucia	Bahamas

¹ Chair of Sub-committee on Monitoring, Evaluation and Finance

² Chair of Sub-committee on Project Review

³ Chair of Executive Committee

⁴ Vice-Chair of Executive Committee

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4. Who are you?

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| Executive Committee Member | National Ozone officer | Implementing agency staff member | Government official | Other
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