



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

Post Meeting Summary of Decisions of the 44th of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 44th Meeting of the Executive Committee, which took place in Montreal from 29 November to 3 December 2004, was attended by the representatives of the 14 Executive Committee member Parties and by participants from 20 other co-opted countries (see attached list). Marcia Levaggi of Argentina, Chair of the Executive Committee, presided over her final meeting as Chair; in January 2005, the Chair of the Executive Committee would pass from Argentina to Austria.

During the course of the meeting, the Committee examined the status of implementation of 2004 business plans, an up-to-date report on Article 5 countries' prospects for compliance, and the model rolling three-year business plan for 2005-2007. This enabled the Committee to make a number of decisions to deal with urgent and outstanding issues required to enable countries to meet their Montreal Protocol's control measures in 2005 and 2007.

The Committee approved a total of US \$75 million to 70 countries for projects and activities to enable developing countries to phase-out over 6500 tonnes of ozone depleting substances. Another US \$62 million was committed in multi-year agreements for phase-out plans in 9 countries including an agreement for accelerated phase-out for CFCs, CTC, and halons in China. In all, the Executive Committee took a total of 67 decisions; the most significant decisions and discussions are explained below.

Status of resources and planning (decisions 44/2 – 44/4)

Availability of resources (decision 44/2)

At the outset of the meeting, the Executive Committee examined the availability of financial resources in order to confirm that sufficient funds were available for projects and activities that were under consideration. An estimated US \$89.3 million, consisting of cash, promissory notes, and balances returned, was available.

2004 Business plans (decision 44/3)

The Executive Committee examined the status of implementation of the 2004 business plans taking into account current submissions and recent approvals, in order to ensure that projects and activities in the plan were on target. Earlier in the year, at the 43rd meeting, the Executive Committee had been concerned to note that a large number of projects and activities from the 2004 business plan had not yet been submitted. These projects had included some from countries that were at risk of non-compliance with the Montreal Protocol and the Committee had urged bilateral and implementing to give these projects priority. At the 44th Meeting the Committee noted that agencies had submitted 19 out of a total of 22 of these priority projects.

The Committee also revisited the need for a special funding window for projects to accelerate phase out and maintain momentum. Since US \$24 million of the 2003-2005 budget had not yet been allocated in either the 2004 or 2005 business plans, there appeared to be no current need for a window. The Committee decided it would re-consider the need for a funding window for accelerating phase-out and maintaining momentum in the context of the 2005 business plans that would be submitted to the 45th Meeting.

Status prospects of A5 countries in achieving compliance (decision 44/4)

The Executive Committee considered a comprehensive report on the status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol. In order to address unfunded eligible consumption highlighted in the report, the Executive Committee requested the bilateral and implementing agencies to give immediate priority to include in their 2005-2007 business plans, activities for countries in non-compliance or at risk of non-compliance with specific Montreal Protocol control measures for the years 2005 and 2007. These countries include: Bahrain, Barbados, Ecuador, Iran, Libya, Papua New Guinea, Paraguay, Saint Vincent and the Grenadines, and Somalia. The Committee also asked that a contact group on a possible strategy for addressing low volumes of CTC and TCA consumption should be reconvened at the 45th Meeting of the Executive Committee.

Evaluation activities

Halon Banking Projects for countries with low volumes of installed capacities (decision 44/8)

The Executive Committee discussed the final evaluation report on halon banking projects for countries with low volumes of installed capacities which showed that with a few exceptions the countries with halon management projects have reduced their consumption in accordance with the Montreal Protocol schedule or in advance of the schedule.. In view of the particularly high ODP values of halons, the Executive Committee decided to be more flexible with funding limit of US \$25,000 per country foreseen in the Halon Banking Guidelines, and decided to allow the submission of update projects for countries that had received less than US \$50,000 for halon banking.

Desk study on the evaluation of customs officers training and licensing system projects

The Executive Committee noted a desk study on the evaluation of customs officers training and licensing system projects and of the views expressed by the Executive Committee on them for the final phase of the evaluation.

Monitoring and evaluation work programme for the year 2005 (decision 44/10)

The Executive Committee approved the 2005 work programme for monitoring and evaluation at a budget of US \$246,000. The 2005 work programmed included an evaluation of refrigerant management plans (RMPs) in non-low-volume-consuming countries (non-LVCs) originally scheduled for 2004, a follow-up to the desk study on the evaluation of customs training projects and licensing systems, a follow-up to the desk study on methyl bromide, a desk study on the evaluation of national phase-out plans, and an evaluation of the Fund's projects in a number of countries that are in non-compliance.

Project Implementation Delays (decision 44/11)

At the 44th meeting 142 ongoing projects were classified as having implementation delays, i.e. projects expected to be completed over 12 months late or where the first disbursement did not occur 18 months or more after project approval. These projects were subject to the Executive Committee's procedure for project cancellations and would continue to be monitored at subsequent Executive Committee meetings. The Executive Committee cancelled 3 of the delayed projects: one each in Argentina, Morocco and Nigeria.

Project Approvals (decisions 44/14, 44/17 to 44/25, 44/28 to 44/51)

The Executive Committee approved new funding of US \$75 million to implement projects and strengthen national ozone units in 70 countries. US \$62 million was committed in principle for multi-year agreements for phase-out plans in a number of countries. These plans included: the phase-out methyl bromide consumption in Cuba and Thailand (decisions 44/32 and 44/44); the phase-out of CFC consumption in Indonesia (decision 44/39), Kenya (decision 44/50), Lebanon (decision 44/33) and Panama (decision 44/34); and, the phase-out of CFC and carbon tetrachloride (CTC) consumption in Sudan (decision 44/35). Exceptionally, special funding of US 8,000 was granted to Grenada's National Ozone Unit following damage to its infrastructure by Hurricane Ivan (decision 44/23).

Country Programmes (decisions 44/52 and 44/53)

The Executive Committee approved the country programmes of Cape Verde and Sao Tome and Principe

Reconciliation of the 2002 and 2003 accounts of the Multilateral Fund (decision 44/55)

The reconciliation of accounts of the Multilateral Fund was an ongoing process to ensure accurate recording of implementing agency accounts and that the correct level of funds were advanced to agencies to fund projects and activities approved by the Executive Committee. The main assumption of the reconciliation was that net funds approved in the agencies' progress and financial reports equal those net funds approved in the Secretariat's inventory of approved projects. Agreement would be sought on any differences in financial reporting between the agencies and the Secretariat.

The Committee noted the reconciliation of the 2002 and 2003 accounts and requested the Treasurer to make the necessary adjustments to ensure sufficient funds would be available to implementing agencies to cover Executive Committee approvals. In order to facilitate the process of reconciliation, the Committee also requested the Treasurer, the implementing agencies and the Secretariat to hold a workshop on common terminology and procedures for the reconciliation of accounts.

Operation of the Executive committee without sub-committees (decision 44/57)

The Executive Committee had operated without sub-committees for the first two meetings in 2004 following the decision by the Executive Committee at its 41st meeting to discuss all matters in plenary (decision 41/92). Given that members of the Committee expressed the view that the new arrangement was an improvement on the old system, the Executive Committee decided to renew this arrangement. The Committee also discussed reducing the number of Executive Committee meetings and establishing a procedure for intersessional project approvals. The Executive Committee decided to continue its discussions on the matter throughout 2005. In order to facilitate discussions, the Committee requested the Secretariat to compile the views of Executive Committee members and provide an estimate of the financial implications of various scenarios. Interested parties and implementing agencies were invited to submit comments to the Secretariat for inclusion in the document.

Criteria for the assessment of the progress reports and verification audits of multi-year agreements (decision 44/58)

The Executive Committee reviewed proposed criteria for the assessment of progress reports and verification audits of multi-year agreements (MYAs). When completed, the criteria would constitute a monitoring instrument that could be used by the Executive Committee, the implementing agencies, the Secretariat, and the governments of Article 5 Parties to assess implementation of national phase-out plans and to detect in advance any impediments to project implementation that might compromise the planned ODS phase-out and lead to the possibility of non-compliance. In order to advance the development of the criteria, the Executive Committee decided to organize a specific seminar on the subject in the

margins of the 44th meeting. A revised set of criteria based discussions at the 44th meeting and on the seminar would be considered at the 46th meeting.

Production Sector (decision 44/59)

In 2004, the Executive Committee's Subgroup on the Production sector consisted of Bangladesh, Canada (acting as facilitator), China, Cuba, Japan, Mauritius, the United Kingdom, and the USA.

The Sub-group met four times in the margins of the 44th meeting. Based on the outcome of the Sub-group's discussions, the Executive Committee approved two major production sector phase-out projects. One approval provided US \$10 million for China to accelerate the phase-out of the production of halon, CTC and CFC and advance the complete CFC production phase-out to July 2007. The other project would phase-out CFC production in Venezuela at a cost of US \$16,500,000 by 1 January 2007 which is three years ahead of the Montreal Protocol deadline.

All six Article-5 countries producing CFCs were now on track to achieve the Montreal Protocol deadline. Five countries were expected to meet their production phase-out commitments at least one year in advance.

Evaluation and review of the financial mechanism of the Montreal Protocol (decision 44/60)

At the Sixteenth Meeting of the Parties to the Montreal Protocol (MOP), the Executive Committee was asked to consider the report of the 2004 evaluation and review of the financial mechanism of the Montreal Protocol with a view to adopting its recommendations as part of a process of continuous improvement of the management of the Multilateral Fund, and bearing in mind the need to contribute to the assessment of the 2006-2008 replenishment of the Multilateral Fund.

The Committee considered twenty-eight of the recommendations in the report to be relevant and requested the Secretariat to invite Executive Committee members, bilateral and implementing agencies, and the Treasurer to provide comments on the recommended action to each of these. The Secretariat was asked to compile comments received in a document for the 45th Meeting. A contact group would meet during the 45th Meeting of the Executive Committee in order to draft a preliminary assessment report on the recommendations. This assessment report would be considered by the full Committee at the 45th meeting and would subsequently be submitted to the 25th Meeting of the Open-ended Working Group.

Review of guidelines relating to collection, recovery, recycling and destruction of ozone-depleting substances (Decision 44/63)

The Executive Committee requested the Secretariat to collect existing guidelines

relating to collection, recovery, recycling and destruction of ozone-depleting substances in the light of paragraph 6 of decision IV/18 of the Meeting of the Parties on the indicative list of categories of incremental costs and to report its findings to the 46th Meeting of the Executive Committee. The Executive Committee also decided to look at the need to elaborate further guidelines for the funding of projects for the collection, recovery, recycling and destruction of ozone-depleting substances while ensuring economically feasible and environmentally appropriate management of ozone-depleting substances at the 46th Meeting on the basis of the report of the Secretariat.

Enhancing capacity-building in developing country National Ozone Units (decision 44/64)

The Government of China presented an informal paper on the importance of enhancing capacity-building in the national ozone units (NOUs). The Executive Committee discussed concerns that over the next few years countries would face a multitude of challenges and difficulties in achieving compliance targets; these might include illegal trade, phase-out of ODS in small enterprises, data collection and verification. The Executive Committee decided that some of its representatives would work on the issue intersessionally with the aim of submitting a revised version of the informal paper on the matter to the 45th Meeting.

Process agents (decision 44/65)

On the basis of decisions X/14 and XV/7 of the Meeting of the Parties, the use of controlled substances as process agents would not be treated as consumption in Article-5 countries provided emissions are limited to the levels agreed by the Executive Committee to be reasonably achievable without undue abandonment of infrastructure. Since the Ozone Secretariat was receiving reports from Article 5 Parties on the quantities of CTC used in process agent applications, the Ozone Secretariat sought advice from the Fund Secretariat as to whether the Executive Committee had reached any conclusions on reasonably achievable emissions levels in line with the provisions in decision X/14. In order to respond to the MOP and to examine the issues from the funding perspective, the Executive Committee authorized the Secretariat to hire an expert consultant to catalogue process agent uses in Article 5 Parties and their related emission levels.

45th and 46th Meetings of the Executive Committee (decision 44/67)

The Executive Committee decided to hold the 45th Meeting of the Executive Committee in Montreal, Canada from 4 to 8 April 2005. The 46th Meeting would also be held in Montreal, back-to-back with the Meeting of the Open-ended Working Group in July 2005.

Report of the Forty-fourth Meeting

For a complete record of all decisions made at the 44th meeting including those discussed in this document, the reader is referred to the 'Report of the Forty-third Meeting of

the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/44/61; the report can be found on the Multilateral Fund's web site (www.multilateralfund.org) in Chinese, English, French, and Spanish.

Annex 1 - Attendance at the 44th meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Austria	Sweden
Belgium	
Canada	
Hungary	
Japan	
United Kingdom	France, Germany, Italy
United States of America	
Article 5	
Argentina	Bolivia, Brazil, Colombia
Bangladesh	Maldives, Sri Lanka
China	India, Thailand
Cuba	Suriname, Venezuela
Iran	Jordan, Lebanon, Syria
Mauritius	Sudan, Zambia
Niger	Gabon, Guinea