



## MULTILATERAL FUND

FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

*Secretariat*

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### **Post Meeting Summary of Decisions of the 48th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol**

#### **Introduction**

The 48th Meeting of the Executive Committee, which took place in Montreal from 3 to 7 April 2006, was attended by the representatives of the 14 Executive Committee member Parties and by participants from 18 other co-opted countries (see attached list). Mr. Khaled Klaly of the Syrian Arab Republic presided over his first meeting of his term as Chair of the Executive Committee for 2006. The President of the Implementation Committee of the Montreal Protocol and the President of the Bureau, a representative of the Ozone Secretariat, representatives of the implementing agencies, one representative of the Alliance for Responsible Atmospheric Policy, and one from the Environmental Investigation Agency (EIA) also attended the meeting.

As this was the first meeting of the 2006-2008 triennium, the Executive Committee considered how and when the recent replenishment budget adopted by the 17<sup>th</sup> Meeting of the Parties would be allocated. In addition the customary programme of work for the first meeting of the year was addressed: financial planning and consideration of the three-year business plans of the implementing agencies, two evaluation reports, implementing agencies' work programmes and a number of policy papers including a report relating to the issue of terms of reference for a study on unwanted ODS, including destruction.

At the 48<sup>th</sup> Meeting the Committee also approved investment projects and work programme activities in the amount of US\$ 63 million plus US \$5 million in support costs for implementing agencies and took a total of 42 decisions; the most significant decisions and discussions are outlined below.

#### ***Financial Planning (Decision 48/3)***

The Parties established a replenishment budget of US \$470 million for the Multilateral Fund at the 17<sup>th</sup> Meeting of the Parties in December 2006 (decision XVII/40). Taking into consideration the compliance needs of countries in view of the impending 2007 and 2010 Montreal Protocol targets and the ability of bilateral and implementing agencies to deliver their business plans in a timely and effective manner, the Executive Committee decided to

allocate US \$164.469 million for 2006, US \$165.569 million for 2007, and US \$139.966 million for 2008.

Accounting for pre-commitments for multi-year agreements and standard costs (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)), US\$ 142 million of the total replenishment budget was available for new commitments. The Committee decided that these resources for new commitments would be allocated as a first priority to the compliance needs of Article 5 countries.

### **Business Plans (decisions 48/4 to 48/9)**

The 2006-2008 business plans for four multilateral agencies (UNDP, UNEP, UNIDO and the World Bank) and a number of bilateral agencies proposed a total of US \$162.96 million in projects and activities for 2006 which would phase-out 38,307 ODP tonnes. The Executive Committee endorsed the business plans of the multilateral implementing agencies and approved performance indicators for them which would provide the basis for the evaluation of performance in 2006.

In order to assist low-volume consuming countries to comply with the 2007 and 2010 Protocol deadlines, the Executive Committee requested implementing agencies to do their utmost to advance plans for preparation of CFC phase-out activities in these countries and present as many terminal phase-out management plans (TPMPs) from their 2007 business plans as possible to the Executive Committee's 50<sup>th</sup> Meeting in November 2006 (decision 48/4) provided they met requirements of decisions 45/54 and were accompanied by progress reports on the implementation of approved recovery and recycling programmes that provide a similar comprehensive overview of the implementation of the refrigerant management (decision 46/17). The Executive Committee would consider the first tranches of these TPMPs for approval should sufficient funds be available.

### **Programme Implementation**

#### ***Monitoring and Evaluation***

*Evaluation of refrigerant management plans and national phase-out plans in non low volume-consuming countries focusing on the refrigeration servicing sector (decision 48/10)*

The Executive Committee noted with appreciation the final evaluation report and requested the Senior Monitoring and Evaluation Officer to develop a comprehensive and categorized compendium of recommendations relevant to the evaluation of RMPs and national phase-out plans in non-low volume-consuming countries, distinguishing between new recommendations and those that had already been approved by the Executive Committee. The compendium would be presented to the 49th Meeting of the Executive Committee.

*Customs Officers Training and Licensing System (decision 48/11)*

In response to decision XVII/16 of the Seventeenth Meeting of the Parties to the Montreal Protocol the Executive Committee considered the recommendations contained in the "Report of the Executive Committee on the evaluation of customs officers training and licensing system projects" which had been presented to the Twenty-fifth Meeting of the Open ended Working Group in June 2005.

The Committee decided to submit a number of recommendations aimed at national ozone units to the Ozone Secretariat in the context of the ongoing studies and discussions on how best to deal with illegal trade in ODS. It also requested implementing agencies and bilateral agencies to prepare and implement national phase-out plans and terminal phase-out management plans in a manner that would ensure, where feasible, implementation of these recommendations. The Executive Committee asked implementing and bilateral agencies organizing training programmes for customs officers to implement further recommendations in cooperation with National Ozone Units.

*Project completion reports (decision 48/12)*

The Executive Committee considered a short report on issues related to project completion reports (PCRs). In considering how to make best use of the "lessons learned" from PCRs the Committee determined that a number of the lessons learned should be taken into account in future project preparation, implementation and reporting. In future "lessons learned" would also be included in progress reports of annual implementation programmes of multi-year projects, and would be noted in the consolidated project completion report.

*Desk study on the evaluation of CTC process agent projects and phase-out agreements (decision 48/13)*

The Executive Committee noted the CTC desk study which highlighted the lack of completeness of data and knowledge concerning the levels of production and consumption of CTC, both for uses controlled under the Protocol and for feedstock. The final report, including country case studies in China, Democratic Republic of Korea, India and Pakistan, is scheduled for presentation at the 51st Meeting of the Executive Committee in 2007.

### ***Project implementation delays (decision 48/14)***

A methyl bromide project was cancelled at the request of the Government of Chile. In addition letters would be sent to two other country concerning project implementation delays.

### ***Submission of annual tranches for multi-year agreements (decision 48/15)***

At its 47th meeting the Executive Committee requested that in future a separate sub-agenda item should be included on delays in the submission of annual tranches and disbursement of funds for tranches (decision 47/50). The Executive Committee reviewed all annual tranches of multi-year agreements due for submission to the 48<sup>th</sup> Meeting noting that 20 out the 34 annual tranches of multi-year agreements had been submitted on time. The Committee agreed to change the due dates for the annual tranches of 7 projects while deferring the decision to change due dates for a further 5 projects. The Executive Committee asked that letters regarding tranche delays be sent to 8 countries. Furthermore the Committee urged Article 5 countries and implementing agencies that in new multi-year agreements, annual tranche submissions be proposed for the first or the second meeting of the year.

### ***Status of implementation of specific projects (decision 48/16)***

Over the years, the Executive Committee approved a number of projects for which periodic reporting is required as a monitoring tool. At its 48<sup>th</sup> Meeting the Executive Committee considered reports on methyl bromide projects in several countries (Bolivia, Côte d'Ivoire, the Dominican Republic, Ecuador, Egypt, Jordan, Kyrgyzstan, Turkey and Yemen) and provided further guidance on the implementation of three important methyl bromide projects in Guatemala, Honduras and low-volume-consuming countries in Africa. The Executive Committee also approved: a revision to the agreement for the methyl bromide phase-out in Chile, a revision to the methyl-bromide phase-out schedule in Costa Rica, and a change of implementing agency for the national CFC phase-out plan in Cuba.

### ***Project approvals (decisions 48/17 to 48/35)***

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The Executive Committee approved projects for 47 Article 5 countries amounting to just over US \$63 million including project preparation for terminal phase-out management plans (TPMPs) in 18 countries, institutional strengthening projects in 13 countries, a regional chiller demonstration project in Africa (decision 48/24) and a global technical assistance project in the chiller sub-sector (decision 48/24). These projects would phase-out an additional 2,453 tonnes of ODS consumption and 18,212 tonnes of ODS production.

The Executive Committee decided that future TPMPs should be submitted for blanket approval provided that they were in accordance with the relevant policies and decisions of the Multilateral Fund, they contained no policy issues, and that technical and cost issues had been agreed between the Secretariat and relevant implementing agencies (decision 48/17).

The Executive Committee entered into agreements with the Commonwealth of Dominica and Saint Kitts and Nevis for terminal phase-out management plan with a combined value of US \$469,000 (decisions 48/31 and 48/34 respectively).

***Production Sector (decisions 48/25 – 48/29)***

In the production sector the Executive Committee also approved 2006 annual implementation programmes for China (CTC phase I), India (CFC production) and Venezuela (CFC production). Following on from decision 47/54 in which the Executive Committee had approved initial funding for the first tranche of the phase II project to phase-out ODS process agent applications and corresponding CTC production in China, the Executive Committee approved the final agreement between China and the Executive Committee and the release of the balance of funds for the 2006 work programme.

Plans are now in place for the complete phase-out of CFC production in Article 5 countries. In Latin America, Mexico completed CFC production phase-out by the end of 2005, and Venezuela would complete its CFC production sector phase-out by the end of 2006. The only CFC producing country remaining in Latin America after 2006 would be Argentina, which would be producing at a level of 686 metric tonnes of CFCs a year between 2007 and 2009. In Asia, China would reduce its CFC production to about 12,000 to 13,000 ODP tonnes in 2006 and would cease production by July 2007, apart from about 800 ODP tonnes to cater for the needs of metered dose inhalers (MDI) production. One of the four plants in India had already ceased CFC production in 2005 and the remaining plants would reduce the total CFC production in India to about 7,400 metric tonnes in 2006. The production of CFCs in the Democratic People's Republic of Korea had also ceased. In Europe, Romania, the only Article 5 producing country, had completed its phase-out of CFC production quite a number of years earlier.

***Agreements for terminal phase-out management plans (decision 48/31)***

Decision 45/54(d) requires the verification of phase-out targets of a randomly selected sample of TPMPs for low-volume-consuming countries on an annual basis. In order to reflect this decision the Executive Committee decided that future agreements for TPMPs would include a clause to the effect that the meeting of the phase-out targets would be independently verified if requested by the Executive Committee.

***Bangladesh Country Programme update (decision 48/36)***

The Executive Committee approved the country programme update for Bangladesh.

***Metered dose inhalers (decision 48/36)***

During the Committee's discussion of the Bangladesh country programme update the issue of CFC consumption for the manufacture of MDIs was raised since Bangladesh and possibly other Article 5 countries could face challenges in meeting the 85 per cent Montreal Protocol reduction target for CFCs in 2007. Some countries, including Bangladesh, have agreements for their national phase-out plans that clearly state that the country is precluded from applying for or receiving any further funding in respect of phase-out of CFCs. In the case of Bangladesh the capacity for production of MDIs had been installed after 1995, which

would make it ineligible for funding under Executive Committee's decision 17/17. Since the Parties to the Montreal Protocol were also concerned about the difficulties faced by some Article 5 countries with respect to chlorofluorocarbons used in the manufacture of metered-dose inhalers referred (decision XVII/14), the Executive Committee requested the Secretariat, in consultation with relevant implementing agencies, to prepare a paper for submission to the 49<sup>th</sup> Meeting outlining options for addressing the situation faced by some Article 5 Parties with respect to CFCs used in the manufacture of metered-dose inhalers.

### **Collection, recovery, recycling, reclamation, transportation and destruction of unwanted ODS (decision 48/37)**

In response to decision 47/52 the Secretariat collected preliminary data on unwanted, recoverable, reclaimable, non reusable and virgin ODS in Article 5 countries which were subsequently submitted to a meeting of experts organized by the Secretariat in March 2006. In their assessment of the extent of current and future requirements for the collection and disposition of non-reusable and unwanted ODS in Article 5 countries, the experts looked at a number of subjects at the meeting including: the definition of terms, recovery of ODS (CFCs, halons and CTC) from its location and the possibilities of its reuse, transportation issues, including the application of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and a number of other influencing factors.

The Executive Committee requested the Secretariat to forward the report of the meeting of experts to the Technology and Economic Assessment Panel (TEAP) as an input for consideration by TEAP when complying with decision XVII/17 of the Seventeenth Meeting of the Parties. This decision had requested TEAP to prepare terms of reference for the conduct of case studies in Article 5 countries on the technology and costs associated with a process for the replacement of CFC containing refrigeration and air conditioning equipment. Discussion of the terms of reference, budget and modalities for a study regarding collection, recovery, recycling, reclamation, transportation and destruction of unwanted ODS will continue at the 49<sup>th</sup> Meeting.

### **Miscellaneous income, exchange rate losses and gains, and bank charges for funds approved by the Executive Committee (decision 48/38)**

The Executive Committee noted that the implementing agencies appeared to be taking different approaches to the application of miscellaneous income, in particular negative miscellaneous income, exchange-rate losses and gains, and bank charges. Instead of assigning all costs to either project or administrative costs, some of UNIDO's charges, and possibly UNEP's charges, had been offset against interest due to the Multilateral Fund. The Executive Committee confirmed that the costs approved for implementing agencies should be classified as either project or administrative costs and requested that all agencies that had any costs charged to their Multilateral Fund accounts that were not assigned to either project or administrative costs, identify those costs relating to the 2003-2005 replenishment and where

possible before that, and inform the Executive Committee of their finding at the 49th Meeting.

**Saudi Arabia: Country programme/terminal phase-out management plan (decision 48/40)**

The Executive Committee considered a preliminary analysis of the nature and cost of assistance proposed to enable Saudi Arabia to continue its efforts to phase-out ODS and fulfil its obligations under the Montreal Protocol presented by UNEP. Following the discussion, the Executive Committee decided to request UNEP and UNIDO to submit a project preparation proposal for the country programme/national phase-out plan to the 49th Meeting of the Executive Committee.

**Schedule of release of funding for projects approved at the 48th Executive Committee Meeting**

By the close of the meeting the Executive Committee had approved projects and activities costs with a total value including support costs of US \$67,943,509. Taking into account contributions recently received from Austria and Monaco, the total funds available for commitment amounted to US \$43,328,944. Since the release of funds for one project in Indonesia was deferred and following the established precedent the World Bank had agreed to accept a short delay in the release of funding for two projects in China until the balance of contributions needed to meet the shortfall of about US \$20 million had been received.

**49<sup>th</sup> and 50<sup>th</sup> Meetings of the Executive Committee (decision 48/42)**

The 49<sup>th</sup> Meeting of the Executive Committee would be held from 10 to 14 July 2006 in Montreal. The Executive Committee accepted a generous offer from the Government of India to host the 50<sup>th</sup> Meeting from 6 to 10 November 2006 in New Delhi (India).

**Report of the 48th Meeting**

A complete record of all decisions made at the 48th meeting, including those discussed in this document, can be found in the 'Report of the Forty-eighth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/48/45) on the Multilateral Fund's web site ([www.multilateralfund.org](http://www.multilateralfund.org)). The report is available in Arabic, English, French, and Spanish.

## Annex 1 - Attendance at the 48th meeting of the Executive Committee

<b>Executive Committee Members</b>	<b>Co-opted countries</b>
<b>Non Article 5</b>	
Australia (Vice Chair)	Canada
Belgium	
Czech Republic	
Japan	
Italy	France and Germany
Sweden	Austria
United States of America	
<b>Article 5</b>	
Brazil	Argentina, and Colombia
Burundi	Tunisia
Guinea	Gabon and Morocco
India	China, the Philippines and Sri Lanka
Mexico	Costa Rica, Cuba and Dominican Republic
Syrian Arab Republic (Chair)	Jordan
Zambia	Namibia and Sudan