



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/50/2
20 October 2006

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, India, 6-10 November 2006

SECRETARIAT ACTIVITIES

The Secretariat of the Multilateral Fund wishes to acknowledge with gratitude the generous hospitality of the Government of India in contributing US \$130,000 towards hosting the Fiftieth Meeting of the Executive Committee in New Delhi.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

Notification of the Decisions of the 49th Meeting of the Executive Committee

1. The report of the 49th Meeting (UNEP/OzL.Pro/ExCom/49/43), containing the decisions of the Executive Committee, was conveyed to all Executive Committee members, other participants of the 49th Meeting and to Parties to the Montreal Protocol. Additionally, decisions related to project approvals, implementation delays and annual tranche submission delays were communicated to 54 Article 5 countries, and to the relevant bilateral and implementing agencies. A post meeting document summarizing decisions made at the 49th Meeting was sent by email to all meeting participants, Parties to the Montreal Protocol, and was placed on the Multilateral Fund's intranet and web site. A news release was issued shortly after the meeting and was published on the website.
2. Decisions requesting certain actions by the Secretariat and/or implementing agencies were addressed or communicated as directed by the Committee for follow-up.
3. The Secretariat instructed the Treasurer to transfer resources covering all funding requests approved at the 49th Meeting to the implementing agencies, and/or to credit them as bilateral contributions of the relevant non-Article 5 Parties. The Secretariat also instructed the Treasurer to transfer resources for the 2006 annual programme of the strategy for gradual phase-out of CFC-11 and CFC-12 production in Argentina that had been approved inter-sessionally in August 2006 (see paragraph 7).

Follow-up to other decisions

Follow-up to decision 49/1 on secretariat activities

4. As requested by decision 49/1, paragraph (c), the Chair of the Executive Committee wrote to the Ozone Secretariat on 28 July 2006 to bring to its attention, prior to the Eighteenth Meeting of the Parties, the invitation by the first session of the International Conference on Chemicals Management (ICCM) to the Montreal Protocol and the Multilateral Fund to consider whether and how these might support implementation of appropriate and relevant strategic approach objectives within their mandates and to report to the ICCM. The Chief Officer, pursuant to paragraph (d) of the same decision, informed the Executive Director of UNEP in a letter dated 31 July 2006 of the above procedure, in the context of the response to the invitation by ICCM. UNEP's Executive Director responded on 8 August 2006 indicating that he looked forward to hearing the outcome of further possible deliberations at the 18th Meeting of the Parties (MOP). All correspondence referred to can be made available by the Fund Secretariat at the Meeting upon request.
5. Information on actions taken pursuant to paragraph (b) (ii) of the same decision is provided in paragraphs 20 and 21 of this document, under cooperation with other multilateral environmental agreements.

Follow-up to decision 49/36 on destruction

6. Pursuant to paragraph (b) of decision 49/36, the Chair of the Executive Committee wrote to the Ozone Secretariat on 28 July 2006 requesting that it bring to the attention of the Parties the content of the decision, adopted at the 49th meeting following discussion of the agenda item on

“further consideration of terms of reference, budget and modalities for a study regarding collection, recovery, recycling, reclamation, transportation and destruction of unwanted ODS”. In accordance with paragraph (c) of the same decision, a specific item was added to the agenda of the 50th Meeting for discussion by the Executive Committee in light of any guidance provided by the Eighteenth Meeting of the Parties. The letter from the Chair can be made available by the Fund Secretariat at the Meeting upon request.

Intersessional approval (decision 49/37)

7. The World Bank resubmitted a funding request in June 2006 for the 2006 annual programme of the strategy for gradual phase-out of CFC-11 and CFC-12 production in Argentina, which was beyond the deadline for project submission to the 49th Meeting. In view of potential compliance issues that could have resulted from late approval of the 2006 tranche, the Executive Committee agreed to process the submission intersessionally (decision 49/37). The project proposal, including the results of the revised verification report of the 2005 CFC production at Frio Industrias Argentinas S.A. (FIASA) (document UNEP/OzL.Pro/ExCom/50/IS/1), was circulated to Executive Committee members on 11 August 2006. The Executive Committee approved the project on 28 August 2006 since no objections had been received from any of its members. The Secretariat sent a letter to Argentina informing the Government of the approval.

Treasury services (decisions 48/41 and 49/39)

8. As a follow up to decision 49/39, the Chair of the Executive Committee wrote to Mr Achim Steiner, the UNEP Executive Director, on 28 July 2006 to inform him of the Committee’s decision to release the US \$100,000 thus far withheld by the Committee, and to draw his attention to the Committee’s decision to address the issue of the P5 position at the 50th meeting in the context of considering the approval of the Secretariat’s 2007 budget.

9. In response to the Chair’s letter, and to follow up action taken by the Secretariat on this issue, the Executive Director replied to the Chair on 12 October 2006, advising that in order to make additional progress on the P5 position, UNEP, in consultation with the Secretariat, would finalize the job description for the P5 post to expedite the recruitment process following UN rules and regulations. Both the letters of the Chair of 28 July 2006 and the response from the Executive Director of 12 October 2006 will be made available to the Executive Committee members at the time of the meeting. This issue will be considered further in the context of agenda item 15 on the Revised 2007, 2008 and proposed 2009 budgets of the Fund Secretariat.

Review of tasks in preparation for the 50th Meeting

10. The Secretariat has undertaken the following tasks in preparation for the 50th Meeting.

Status of resources and planning

Balances and availability of resources

11. The Secretariat prepared information on the availability of resources vis-à-vis the business plans and the status of compliance (UNEP/OzL.Pro/ExCom/50/4/Rev.1). This information included a review of the obligated total balances from completed projects held by

agencies, and any agency support costs associated with the funds remaining from those completed projects, as well as a calculation of the total amount of resources available to the Executive Committee for approvals at the 50th Meeting. Resources comprise of cash and promissory notes recorded in the Status of Contributions, plus the amount of funds returned from completed projects in the form of balances. On the date that document UNEP/OzL.Pro/ExCom/50/3 was issued, US \$47,649,071 was available for approvals at the 50th Meeting.

12. The Secretariat reviewed the status of the implementation of the 2006 business plans in light of the submissions to the 50th Meeting and previous approvals at the 48th and 49th Meetings and the extent to which these approvals and proposals differ in value from those in the business plan. Document UNEP/OzL.Pro/ExCom/50/5 highlights the US \$13.45 million in activities that were required for compliance but had not been submitted to the 50th Meeting.

Status/prospects of article 5 countries in achieving compliance with the control measures of the Montreal Protocol

13. An update of the status of compliance of all Article 5 countries was prepared based on 2005 Article 7 data for 116 countries and for countries that had not submitted Article 7 data, based on 2005 country programme data. For those countries that had not submitted 2005 data, latest consumption data was used including 2004 data for 15 countries. In the analysis, the phase-out achieved from ongoing projects was deducted from the last reported consumption in order to indicate the prospects of countries in meeting their ODS reduction targets. The analysis indicated that the Executive Committee may need to take action to address Montreal Protocol control measures in five countries: Bolivia, The former Yugoslav Republic of Macedonia and Mauritius (CTC); Tanzania (CTC and TCA); and Zimbabwe (TCA).

Model rolling three-year phase-out plan 2007-2009

14. In accordance with decision 44/5(d) the Secretariat prepared an updated model three-year rolling phase-out plan for the 2007-2009 triennium to provide guidance for the preparation of the 2007-2009 business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/50/7). This provides an analysis of the level of phase-out of ozone depleting substances (ODS) that has to be approved for funding to enable all Article 5 countries to meet the Montreal Protocol targets. To achieve the 2007 and 2010 Montreal Protocol's phase-out targets, an additional 5,226.7 ODP tonnes of ODS will need to be addressed during the 2007-2009 triennium. This amount does not include the levels of ODS that are still to be phased out through approved multi-year agreements, individual projects and refrigerant management plans.

Priorities for the triennium 2006-2008, beyond the needs identified by the model rolling three-year phase-out plan, taking into account the remaining US \$40 million in unallocated funds for the triennium (follow-up to decisions 49/4 (c) and (g)).

15. At the time of the 49th Meeting, US \$40 million out of a budget of US \$470 million for the 2006-2008 triennium had not yet been allocated to phase-out activities in Article 5 countries. The Secretariat prepared document UNEP/OzL.Pro/ExCom/50/8 to assist the Executive Committee to discuss priorities for the triennium beyond the needs identified in the compliance-oriented model used for business planning, and to enable it to decide how best to allocate the remaining US \$40 million in unallocated funds.

Monitoring and Evaluation

16. The Senior Monitoring and Evaluation Officer prepared a consolidated project completion report (PCR), analyzing the PCRs submitted by bilateral and implementing agencies since the 47th meeting (document UNEP/OzL.Pro/ExCom/50/10). He also finalized the report on the evaluation of cases of non-compliance as a follow-up to decision 46/6 (document UNEP/OzL.Pro/ExCom/50/9), proceeded with the evaluations of the Compliance Assistance Programme (CAP) and the CTC sector and prepared a draft monitoring and evaluation work programme for 2007 (document UNEP/OzL.Pro/ExCom/50/11).

Monitoring projects and multi-year agreements

17. In addition to preparing its report on project implementation delays (UNEP/OzL.Pro/ExCom/50/12), the Secretariat prepared a document in response to decision 47/50 concerning delays in the submission of annual tranches and disbursement of funds for tranches and obligations. Document UNEP/OzL.Pro/ExCom/50/13 enables the Committee to monitor the approval of annual tranches and the release of funds to implementing agencies, with the aim of ensuring that there are no impediments to completing the planned activities related to the annual tranche. Annual tranches of multi-year agreements for 38 of the 49 that were due for submission were submitted on time for the 50th Meeting.

Project Review

18. The Secretariat received, for consideration at the 50th Meeting multi-year agreements, projects and activities from 91 Article 5 countries amounting to a proposed funding total of US \$126,386,842. Of this amount, US \$68,717,583 was submitted for approval at the 50th Meeting for 130 projects and programmes.

Documents and policy papers prepared by the Fund Secretariat

19. Of the documents submitted for consideration at the 50th Meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated agenda;
- Secretariat activities;
- Report on balances and availability of resources;
- 2006 business plans;
- Status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol;
- Model rolling three-year phase-out plan: 2007-2009;
- Priorities for the triennium 2006-2008, beyond the needs identified by the model rolling three-year phase-out plan, taking into account the remaining US \$40 million in unallocated funds for the triennium (follow-up to decisions 49/4 (c) and (g));
- Final evaluation report on cases of non-compliance (follow-up to decision 46/6);
- 2005 consolidated project completion report;
- Draft Monitoring and Evaluation work programme for the year 2007;
- Project implementation delays;
- Annual tranche submission delays;

- Report on implementation of approved projects with specific reporting requirements;
- Overview of issues identified during project review;
- Bilateral cooperation;
- Comments and recommendations on the 2006 work programmes amendments of UNDP, UNEP and UNIDO (3 documents);
- Comments on the Compliance Assistance Programme (CAP) budget and work programme for UNEP for the year 2007;
- 2007 core unit costs for UNDP, UNIDO and the World Bank and follow-up to decision 49/7 (c);
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 50th Meeting, in respect of 82 Article 5 countries;
- Paper on how best to report on the ODS phase-out achieved within refrigerant management plans and the phase-out achieved in those other projects for which ODS phase-out was not fully reported (follow-up to decision 49/7 (e)).
- Paper on issues related to project completion date and fund disbursement raised in paragraphs (b) and (g) of decision 49/12;
- Report on the operation of the Executive Committee (follow-up to decision 46/40);
- Further consideration of the issues addressed in decision 49/36, in light of guidance provided by the Eighteenth Meeting of the Parties;
- Preparation of a discussion paper on the issues raised at the 26th Meeting of the Open-Ended Working Group with regard to the future of the Montreal Protocol, as they related to the Multilateral Fund, taking into account the comments made on the issue at the Eighteenth Meeting of the Parties (follow-up to decision 49/38);
- Revised 2007, 2008 and proposed 2009 budgets of the Fund Secretariat.

Cooperation with other Multilateral Environmental Agreements (MEAs)

UNFCCC/Kyoto Protocol

20. The Secretariat, in response to the request by the Subsidiary Body for Implementation of the United Nations Framework Convention on Climate Change to provide information on the issues raised in the Annex to the conclusions of SBI 24 on the adaptation fund (FCCC/SBI/2006/L.18), provided information on the Multilateral Fund in line with that already provided, and attaching the full text of Article 10 of the Montreal Protocol, as required by decision 49/1, paragraph (b)(ii). The Fund's input is annexed to document FCCC/SBI/2006/MISC.16, available on the website of the UNFCCC Secretariat's website.

21. The Fund Secretariat has also been invited to participate in the forthcoming sessions of the UNFCCC Conference of the Parties and related meetings, taking place in Nairobi, Kenya, on 6-17 November 2006. The Chief Officer plans to attend briefly some of the meeting sessions during the week following the 50th Executive Committee meeting, since she will be in Nairobi for meetings with the Executive Director of UNEP and other senior staff concerning Multilateral Fund matters.

22. Actions taken in respect of the ICCM and SAICM are reported in paragraph 5 of this document in the section on Follow-up to other decisions.

Meetings attended and missions undertaken

Missions of the Chief Officer

Cape Town, South Africa (28-30 August 2006)

23. The Chief Officer attended a Special Meeting of the GEF Council on 28 August 2006, followed by the GEF 3rd Assembly in Cape Town on 29-30 August 2006. The Chief Officer took the opportunity to meet with the new UNEP Executive Director, Mr. Achim Steiner who was also attending the GEF Assembly meeting.

Antananarivo, Madagascar (26-29 September 2006)

24. The Chief Officer represented the Secretariat at the 10th Joint Meeting of the Ozone Officers Network for Africa which took place in Madagascar.

Missions related to the monitoring and evaluation work programme for the year 2006

Albania and Bosnia and Herzegovina (14-22 June)

25. The Senior Monitoring and Evaluation Officer travelled to Tirana (Albania) and Sarajevo and Mostar (Bosnia and Herzegovina) to conduct field evaluation missions as part of the country case studies on non-compliance.

Islamabad, Karachi and Lahore (Pakistan) and New Delhi, Bangalore, Chennai, Cochin, Mettur and Mumbai (India) (24 July – 9 August 2006)

26. The Senior Monitoring and Evaluation Officer together with a consultant visited Pakistan from 24 to 27 July 2006, and India where the Deputy Chief Officer joined the mission, from 27 July to 2 August 2006. The objectives of the mission were to prepare case studies on CTC projects and phase-out agreements and on previous non-compliance (halon sector Pakistan), to develop recommendations about how to address remaining problems and to discuss the structure of the country case studies on the CTC sector phase-out with the consultant.

Other missions

Changchun, Jilin Province, China (12-19 September)

27. The Deputy Chief Officer (Technical Cooperation) represented the Secretariat at the China Ozone Day Celebration on behalf of the Chief Officer. The event was attended by representatives of the Ozone Secretariat, the multilateral implementing agencies and representatives from two bilateral agencies.

Import/Export mission from China

28. A delegation from China visited the Secretariat on 30 August as part of a mission to North America to explore and learn about the experience in sustaining the phase out of CFCs and

halons. The delegation included senior officials from the State Environmental Protection Administration (SEPA), General Administration of Customs, and Ministry of Commerce. The Secretariat briefed the delegation on CFC demand in Article 5 countries and in China in 2007 and beyond, and trends on global prices of CFCs and HFC-134a. Discussions were held on the proposed action plan for sustaining the CFC and halons phase out after July 2007, including management of imports and exports of ODS, controlling illegal trafficking of ODS and enforcement of policy controls. The delegation also briefed the Secretariat on activities being undertaken in China including “Project Sky-hole Patching” which has been initiated by Chinese customs to coordinate actions to combat illegal trade in ODS among 24 countries in the Asia Pacific region.

U.S. EPA video on activities of the Montreal Protocol

29. UNEP in collaboration with the U.S. Environmental Protection Agency (EPA) has been preparing a one-day side meeting immediately before the 18th Meeting of the Parties in Delhi, India (29 October 2006) on chiller replacement projects. The EPA prepared a video that provides an overview of ozone protection activities under the Montreal Protocol and introduces the idea of ODS chiller replacement. The video includes an interview with the Fund Secretariat’s Chief Officer in which she explains the role of the Multilateral Fund and Article 5 countries in protecting the ozone layer, the critical need for chiller replacement and the benefits it can bring to enterprises in Article 5 countries.

Management review of environmental governance within the United Nations System

30. The Fund Secretariat was requested by the UN Joint Inspection Unit (JIU) to complete a questionnaire on the Multilateral Fund, as part of a specific information gathering exercise for a report on the Management review (Management review of environmental governance within the United Nations System) being prepared by the JIU for its 2006 Programme of Work. In response, the Secretariat provided factual information on the Fund covering *inter alia* the governance framework, objectives, institutional structure, management and financial administration and coordination at global and country level. The report is being prepared in the light of the agreement reached at the 2005 World Summit Outcome on the need for more efficient environmental activities in the UN system (General Assembly resolution 60/1).

Secretariat staffing

31. Mr. Tony Hetherington, Deputy Chief Officer (Technical Cooperation), retired from the Secretariat on 30 September 2006 after 11 years of dedicated service. Two general services staff members also left the Secretariat in September 2006.

Preparation for the meetings of the Executive Committee

32. Logistical arrangements were made for the 50th Meeting of the Executive Committee, to be held at the Vigyan Bhavan Conference Centre New Delhi, India from 6 to 10 November 2006. Letters of invitation and meeting documentation were provided to members of the Executive Committee, the President and Vice President of the Implementation Committee, the UNEP Executive Director, the Executive Secretary of the Ozone Secretariat, the implementing agencies

and NGOs. The Host Government Agreement with the Government of India was finalized and a sum of US \$130,000 covering the cost differential of holding the meeting in New Delhi as opposed to having it in Montreal was paid to the Fund.

Information activities

33. The report of the 49th Meeting of the Executive Committee in Arabic, English, French and Spanish, a post-meeting summary and a news release were posted on the Multilateral Fund public web site (www.multilateralfund.org). An area containing documents and logistical information on the 50th Meeting was created on the Multilateral Fund intranet. Documents for general distribution were placed on the public web site.

34. The video prepared for the 15th Anniversary celebration at the 49th Meeting in July highlighting the types of projects and activities funded by the Multilateral Fund was produced on a DVD with music. The video will be distributed to participants of the 50th Meeting of the Executive Committee. The Secretariat was able to raise US \$10,500 to cover all the costs related to the celebration of the 15th anniversary of the Multilateral Fund Secretariat. Funds were provided by the Provincial Government of Quebec and Montreal International.

35. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines for the 50th Meeting:

- Inventory of Approved Projects as of July 2006,
- Country Programme Summary Sheets as of July 2006,
- Policies, Procedures, Guidelines and Criteria as of July 2006.
