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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-fifth Meeting  
Bangkok, 14-18 July 2008

**SECRETARIAT ACTIVITIES**

## **Notification of the Decisions of the 54<sup>th</sup> Meeting of the Executive Committee**

1. The report of the 54<sup>th</sup> Meeting, containing the decisions of the Executive Committee, was conveyed to all Executive Committee members, other participants of the 54<sup>th</sup> Meeting and to Parties to the Montreal Protocol. Additionally, decisions related to project approvals and implementation delays were sent to 62 Article 5 countries, and to the relevant bilateral and implementing agencies. A post meeting document summarizing decisions made at the 54<sup>th</sup> Meeting was sent by email to all meeting participants and Parties to the Montreal Protocol, and was placed on the Multilateral Fund's intranet and website.

2. In accordance with decision XVIII/9, the Secretariat forwarded the study on the collection and treatment of unwanted ozone-depleting substances (ODS) in Article 5 and non-Article 5 countries to the Ozone Secretariat for consideration by the Open ended Working Group at its twenty-eighth meeting (decision 54/45). The final version of the study took into consideration comments by Executive Committee members.

## **Decisions of the 54<sup>th</sup> Meeting of the Executive Committee requesting certain actions by the Secretariat**

3. In response to decision 54/1(b) the Secretariat transmitted the Executive Committee's responses to requests from the Rotterdam Convention on the Prior Informed Consent Procedure and the Chemicals Branch of UNEP's Division of Technology, Industry and Economics (UNEP/DTIE) (see paragraphs 40-41).

4. In response to decision 54/36(c) regarding the phase-out of carbon tetrachloride as a process agent in two applications at the Braskem plant in Brazil, the Fund Secretariat wrote to the Ozone Secretariat to inform it of decision 54/36 and, in particular, its sub-paragraph (b)(i) regarding the limit of CTC consumption in the plant.

## **Review of tasks in preparation for the 55<sup>th</sup> Meeting**

5. The Secretariat has undertaken the following tasks in preparation for the 55<sup>th</sup> Meeting.

### Progress of implementation of country programmes for the year 2007

6. The Secretariat requested national ozone units to provide data on progress of implementation of country programmes for the year 2007, using the format approved at the 54<sup>th</sup> Meeting. Of the 80 progress reports for 2007 received as of 16 June 2008, ten countries submitted their data via the web system.

### Status of the Fund

7. The Secretariat sent instructions to the Treasurer to transfer funds to the four implementing agencies regarding the net allocations approved at the 54<sup>th</sup> Meeting, shortly after finalization of the 54<sup>th</sup> Executive Committee report, and to offset bilateral projects approvals against the concerned countries' contributions. The Secretariat responded to various queries from donor countries and coordinated with the Treasurer on transfers between agencies and on the return of funds.

## Status of resources and planning

### *Report on balances and availability of resources*

8. In accordance with decision 31/2 and 41/92, the Secretariat prepared information on the availability of resources (document UNEP/OzL.Pro/ExCom/55/4). This included funds returned from completed projects, a review of the obligated and un-obligated balances from completed projects held by agencies, and any agency support costs associated with the funds remaining from those completed projects. It also provided a calculation of the total amount of resources available to the Executive Committee for approvals at the 55<sup>th</sup> Meeting.

### *2008 business plans and annual tranche submission delays*

9. The Secretariat examined approvals up to the 54<sup>th</sup> Meeting together with the total level of funds to be requested at the 55<sup>th</sup> Meeting in view of the allocations in the 2008 business plan. Document UNEP/OzL.Pro/ExCom/55/5 provides a summary of the relevant decisions taken at the 54<sup>th</sup> Meeting and the resulting modifications to the resources allocated in the agencies' 2008-2010 business plans, and highlights projects in the 2008 business plans that were not submitted to either the 54<sup>th</sup> or 55<sup>th</sup> Meetings. Projects required for compliance are identified and activities are proposed that could assist countries for which decisions on compliance have been taken by the Meeting of the Parties, to return to compliance with the Montreal Protocol control measures.

10. In accordance with decision 53/3(c), document UNEP/OzL.Pro/ExCom/55/5 also presents a new section on annual tranche submission delays. Six countries had multi-year project tranches that were not submitted to two consecutive meetings, while a further nine countries had tranches due for submission for the first time to the 55<sup>th</sup> Meeting that were not submitted.

### *Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol*

11. In accordance with decision 53/4 the Secretariat prepared the status of compliance document in the new format presented at the 54<sup>th</sup> Meeting. Document UNEP/OzL.Pro/ExCom/55/6 includes an update of the status of compliance of Article 5 countries that are subject to the Montreal Protocol's control measures; information on Article 5 countries that are subject to decisions of the Parties and recommendations of the Implementation Committee on compliance; data on the implementation of country programmes, including an analysis of the ozone depleting substances (ODS) consumption data by sector; and, the results of the second risk assessment including information on projects with implementation delays.

12. The updated status of compliance of Article 5 countries was based on 2007 Article 7 data (44 countries), and for countries that had not submitted Article 7 data, on 2007 country programme data (34 countries). Sixty-seven countries had not yet provided 2007 data and thus the assessment of their prospects of compliance was based on prior years' data. In accordance with decision 54/4(h) the Fund Secretariat continued its efforts to obtain feedback from Article 5 countries on the risk assessment, the general indicators of possible risk of non-compliance therein, and their ability to achieve compliance.

### Monitoring and Evaluation

#### *Standardization of annual work programmes, progress and verification reports of multi-year agreements and on the development of country profiles*

13. Document UNEP/OzL.Pro/ExCom/55/7 provides a report on progress in the development of two web based reporting and information tools. The system for multi-year agreements (MYAs) approved on an interim basis by decision 51/13(c), is being used by implementing agencies and Secretariat staff for the preparation and review of requests for tranches of existing multi-year CFC phase out plans. Since May 2008 it is also being used for new national and terminal phase-out plans (NPPs and TPMPs). The data collected through the system generate the project evaluation sheets contained in project proposal documents submitted to the Executive Committee.

14. In accordance with decision 53/8(b), work on preparing country profiles was initiated with the aim of providing easy access to all relevant information concerning a country's phase-out activities supported by the Multilateral Fund. These cover ODS consumption, ODS phase-out achieved, a country's compliance with the Montreal Protocol's phase-out targets, information on risk of non-compliance, and approved/completed project activities.

#### *Desk study on the evaluation of terminal phase-out management plans*

15. The purpose of the evaluation of terminal phase-out management plans (TPMPs) is to analyze the role of TPMPs to enable low-volume-consuming (LVC) countries to achieve the 85 per cent CFC reduction target for 2007 and the complete CFC phase-out by 2010. A consultant, in co-operation with the Senior Monitoring and Evaluation Officer, reviewed the documentation available relating to TPMPs, including project documents, Secretariat's comments, annual progress reports and work programmes, and pertinent decisions and guidelines of the Executive Committee. Sixteen countries that had their second or subsequent tranches approved were analyzed in detail. The results of the desk study are presented in document UNEP/OzL.Pro/ExCom/55/8 together with a work plan for the full evaluation which would include country studies in a number of LVC countries.

### Consolidated progress report

16. The Secretariat compiled data from the implementing and bilateral agencies to summarize the progress made and financial information on projects and activities supported by the Multilateral Fund up to 31 December 2007. Document UNEP/OzL.Pro/ExCom/55/9 provides a summary of implementation progress at the country level, a summary of activities to the end of 2007, plus the comments and recommendations of the Fund Secretariat.

17. The Secretariat's comments address common issues that were identified during the review of the agencies' progress reports such as the slow disbursement of funds in MYAs. Comments and specific recommendations were provided on two specific issues: ongoing projects converting to HCFC-based equipment; and, the status of the Executive Committee's funding window for chiller projects.

Evaluation of the implementation of the 2007 business plans

18. The evaluation of the 2007 business plans of the implementing agencies presented as UNEP/OzL.Pro/ExCom/55/15, was based on the performance indicators adopted in decision 41/93, the revised weighting in decision 47/51, the targets that were adopted for the 2007 business plans by the Committee under decisions 51/7 to 51/10 and the implementing agencies' progress and financial reports submitted to the 55<sup>th</sup> Meeting of the Executive Committee. The document also presents a trend analysis for each of the nine performance indicators used in previous years' evaluations and the results of the qualitative assessment of the performance of implementing agencies based on input received from a questionnaire sent to national ozone units (NOU) in May 2008.

Report on implementation of approved projects with specific reporting requirements

19. The Secretariat prepared document UNEP/OzL.Pro/ExCom/55/16 reporting on the progress of two specific projects. One report submitted by the World Bank on behalf of China, concerned the verification of CFC imports and exports for the year 2007 required under China's accelerated CFC phase out plan. The second report was submitted by UNIDO on behalf of the Democratic People's Republic of Korea and concerned the plan for terminal phase-out of CTC. This was reviewed by the Secretariat in light of the original project proposals, ODS data reported by the Government of the Democratic People's Republic of Korea under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the Meeting of the Parties.

Project Review

20. The Secretariat received, for consideration at the 55<sup>th</sup> Meeting multi-year agreements (MYAs), projects and activities amounting to US \$94,295,231. This amount includes the total value of new MYAs proposed for approval in principle. It also covers 236 funding requests, which include specific annual tranches and other projects/activities amounting to US \$92,898,306 (including agency support costs where applicable).

21. Following review by the Secretariat, 200 projects and activities, valued at US \$87,060,701, have been forwarded to the Executive Committee for consideration. A total of 167 projects and activities, which include activities under work programmes and work programme amendments as well as investment projects, are recommended by the Secretariat for individual consideration. These include investment projects being recommended by the Secretariat for individual consideration for a number of reasons as described in document UNEP/OzL.Pro/ExCom/55/17 and 144 requests for HCFC phase-out management plans (HPMP) preparation funding for 105 countries. An outline of the issues surrounding the HPMP preparation requests is provided in document UNEP/OzL.Pro/ExCom/55/17, and detailed information is available in the documents on the work programme amendments of the implementing agencies (UNEP/OzL.Pro/ExCom/55/19-22).

22. In document UNEP/OzL.Pro/ExCom/55/18 the Secretariat provided an overview of requests from bilateral agencies, to indicate whether they are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2008. The document also cross-references relevant meeting documents, which include a discussion on the bilateral requests.

Issues pertaining to the phase-out of HCFC Production Sector (decision 53/37(g))

23. At its 53<sup>rd</sup> Meeting, the Executive Committee made plans to reconvene the production sector sub-group to consider issues pertaining to the phase-out of HCFC production (decision 53/37(g)). In preparation for the meeting of the production sector sub-group, the Secretariat organized a meeting of experts on HCFC production phase-out from 12 to 13 June 2008 at the Secretariat's office in Montreal. The meeting, attended by HCFC production technical experts from China, Mexico, the United States of America, and the United Kingdom, focussed specifically on HCFC production in Article 5 countries with the objective of elaborating basic issues and providing preliminary information regarding HCFC production phase-out in Article 5 countries. This information was reviewed by the Secretariat and served as inputs to document UNEP/OzL.Pro/ExCom/55/45 being submitted to the Executive Committee and its Sub-group on the Production Sector, which is to be reconvened at the 55<sup>th</sup> Meeting.

Cost considerations surrounding the financing of HCFC phase out

24. Pursuant to decision 53/37(i) the Executive Committee considered a preliminary analysis of all relevant cost considerations concerning the financing of HCFC phase-out at its 54<sup>th</sup> Meeting and, following discussions, decided to consider a revised version of the HCFC cost document submitted at the 54<sup>th</sup> meeting (UNEP/OzL.Pro/ExCom/54/54) at its 55<sup>th</sup> Meeting. In preparing document UNEP/OzL.Pro/ExCom/55/47, the Secretariat took into account comments from Executive Committee members. It also included some updated information on the HCFC consumption sectors, availability of alternatives and climate/energy aspects provided by experts in the field.

Assessment of the administrative costs required for the 2009-2011 triennium

25. In response to decision 54/42 the implementing agencies provided information to PricewaterhouseCoopers (PwC) to ensure that the assessment of the administrative costs, which was required for the 2009-2011 triennium, would be as exhaustive and beneficial as possible. A draft report was circulated to the implementing agencies for comment. The final report of the study, taking into account the comments of the implementing agencies, will be submitted the Executive Committee for its consideration as document UNEP/OzL.Pro/ExCom/55/48 in advance of the two-week deadline.

CTC use as feedstock and process agents, and the co-production of CTC in Article 5 countries (decisions 51/36 and 52/44)

26. At its 52<sup>nd</sup> Meeting, the Executive Committee decided to postpone further discussion on the issue of CTC use as feedstock and process agents, and the co-production of CTC in Article 5 countries, until the summer of 2008 when the Report of the TEAP and the World Bank's draft report on the global assessment of CTC phase-out in the chlor-alkali sector would be available (decision 52/44). Document UNEP/OzL.Pro/ExCom/55/50 was prepared to assist the Executive Committee in the discussions, in light of the information provided in documents UNEP/OzL.Pro/ExCom/55/49 (Report on CTC use as feedstock and process agents, and the co-production of CTC in Article 5 countries, being submitted by the World Bank), and the Report of the TEAP (Task Force) to the 28th Meeting of the Open-ended Working Group.

### **Reconciliation of 2006 accounts**

27. In accordance with decision 53/42(c) and (d) and 54/41(b) the Secretariat prepared a report (document UNEP/OzL.Pro/ExCom/55/51) on UNEP's findings on reconciling the amount of US \$105,494 recorded in its financial statement but not in its progress report and the corrective actions UNEP proposed to take in order to reconcile the data in the progress report with that in financial statement. At the Secretariat's request, UNEP provided the reasons for the discrepancies and suggested actions to correct the project support cost amount incorrectly reported as disbursed. UNEP also indicated that action will be taken to correct project support cost disbursement in 2007 and to avoid similar problems occurring in the future.

### **2007 provisional financial statements**

28. The Secretariat reviewed the document on the provisional 2007 accounts prepared by the Treasurer and reviewed the 2007 accounts of the Secretariat's budget (document UNEP/OzL.Pro/ExCom/55/52). The Secretariat identified a reconciling item between the World Bank's 2007 financial statement and its Progress Report regarding the amounts reported as disbursed against the chiller concessional loan project in Thailand.

### **Documents and policy papers prepared by the Fund Secretariat**

29. Of the documents submitted for consideration at the 55<sup>th</sup> Meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated agenda;
- Secretariat activities;
- Status of contributions and disbursements (jointly with the Treasurer);
- Report on balances and availability of resources;
- 2008 business plans and annual tranche submission delays
- Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol;
- Report on standardization of annual work programmes, progress and verification reports of multi-year agreements and on the development of country profiles;
- Desk study on the evaluation of terminal phase-out management plans (TPMPs);
- Consolidated progress report as at 31 December 2007;
- Comments and recommendations on the progress reports of bilateral agencies, UNDP, UNEP, UNIDO and the World Bank (5 documents);
- Evaluation of implementation of 2007 business plans;
- Report on implementation of approved projects with specific reporting requirements;
- Overview of issues identified during project review;
- Bilateral cooperation;
- Comments and recommendations on the 2008 work programmes amendments of UNDP, UNEP, UNIDO and the World Bank (4 documents);
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 55<sup>th</sup> Meeting;
- Comments on the country programme update of the Islamic Republic of Iran;

- Further elaboration and analysis of issues pertaining to the phase-out of HCFC;
- Revised analysis of relevant cost considerations surrounding the financing of HCFC phase out (decisions 53/37(i) and 54/40);
- Assessment of the administrative costs required for the 2009-2011 triennium (follow up to decisions 50/27, 51/38 and 54/42);
- CTC use as feedstock and process agents, and the co production of CTC in Article 5 countries (decisions 51/36 and 52/44);
- Reconciliation of 2006 accounts (follow-up to decision 54/41(b));
- Comments on the 2007 provisional financial statements (jointly with the Treasurer).

## **Meetings attended and missions undertaken**

### Missions of the Chief Officer

#### *Vienna, Austria (19-25 April 2008)*

30. The Fund Secretariat was invited to attend the 2008 meeting of the Technology and Economic Assessment Panel (TEAP) as a resource to provide factual information regarding the operation of the Multilateral Fund. The TEAP meeting involved not only presentations by the different technical options committees, but also a detailed presentation of the work to date by the Task Force on the 2009-2011 replenishment of the Multilateral Fund that had been established by the 19<sup>th</sup> Meeting of the Parties to the Montreal Protocol (decision XIX/10).

31. The Chief Officer and a Senior Programme Officer attended the TEAP meeting and provided relevant data and clarifications and informed participants about Executive Committee decisions regarding the compliance-oriented model, 2008-2010 business plans, the phase-out of CFCs in metered-dose inhalers (MDIs), methyl bromide phase-out, the accelerated phase-out of HCFCs. The Co-Chair of the Replenishment Task Force also convened a meeting with the Fund Secretariat as part of the review process for the TEAP Report on “Assessment of the funding requirement for the replenishment of the Multilateral Fund for the period 2009-2011”.

#### *Cairo, Egypt (24 May – 1 June 2008)*

32. The Chief Officer and the Senior Monitoring and Evaluation Officer participated in the 2008 Joint Main Meeting of the English-speaking Africa Network and West Asia Network of Ozone Officers (27-29 April 2008). The Chief Officer made presentations on the decisions of the 54<sup>th</sup> Meeting of the Executive Committee, and in particular on the HPMP guidelines agreed under decision 54/39. She also had a meeting with the Egyptian Minister of Environment to discuss Egypt’s ODS phase-out programme and the challenges ahead.

33. The Senior Monitoring and Evaluation Officer briefed the participating Ozone officers and two consultants about the preparation of regional and country case studies for the evaluation of institutional strengthening (IS) projects. The consultants held individual and group interviews with all participating ozone officers, and discussions with representatives of the implementing agencies. Egypt will be one of the case studies for the evaluation of institutional projects.

Missions of other Secretariat staff

*Washington D.C., United States of America (16-24 April)*

34. A Senior Programme Officer attended the GEF Council Meeting (22-25 April 2008) to follow the discussions on the GEF's administrative cost study in the light of the Multilateral Fund's ongoing study on administrative costs. He also followed the discussions of the GEF Council with respect to other matters that might be pertinent to the Multilateral Fund.

*Buenos Aires, Argentina (2-9 May 2008)*

35. A Senior Programme Officer participated in the thematic meeting regarding metered-dose inhalers (5-6 May) and the follow-up meeting (7 May) of the OzonAction Networks of Mexico, Central American and South American countries. He also took part in a number of bilateral discussions with national ozone officers and implementing agencies

*Nairobi, Kenya (9 -16 May 2008)*

36. The Senior Administrative and Fund Management Officer travelled to Nairobi to address a number of pending administrative issues on recruitment, finance, procurement and general administration with UNON and UNEP.

*Ohrid, The Former Yugoslav Republic of Macedonia (13-17 May 2008)*

37. A Senior Programme Officer participated as a resource person in a meeting on the preparation of the HCFC national phase-out plans in Ohrid, providing participants with an explanation of the HPMP guidelines (decision 54/39).

*Doha, Qatar (1-11 June 2008)*

38. The Associate Information Technology Officer joined representatives of the Ozone Secretariat and UNON Conference Service in a mission to Doha, Qatar to assess the information technology arrangements in preparation for the paperless meetings to take place during the 56<sup>th</sup> Executive Committee Meeting and the 20<sup>th</sup> Meeting of the Parties to the Montreal Protocol (November 2008).

39. A workflow for a paperless Executive Committee meeting was prepared by the Multilateral Fund Secretariat with a view to circulating and finalizing conference room papers (CRPs) and the draft report of the 56<sup>th</sup> Meeting electronically during the Executive Committee meeting session. The draft Report of the 56<sup>th</sup> Meeting would also be circulated electronically to Executive Committee members for adoption. The Government of Qatar plans to demonstrate the system to the Open-ended Working Group and Executive Committee delegates at their meetings in Bangkok, Thailand in July 2008.

## **Cooperation with Multilateral Environmental Agreements (MEAs) and other organizations**

40. At its 54<sup>th</sup> Meeting, the Executive Committee took note of the request of the Rotterdam Convention on the Prior Informed Consent Procedure to the Executive Committee of the Multilateral Fund (decision RC-3/5) to identify areas that could support implementation of relevant objectives of the Convention and requested the Multilateral Fund Secretariat to prepare and circulate to Members of the Executive Committee a draft reply on the Multilateral Fund's experiences relevant to the Rotterdam Convention (decision 54/1(b)) before issuing it. The draft reply was circulated to Executive Committee members on 30 April 2008 and revised on the basis of comments received from Australia, Belgium, Sudan and the United States of America. The Chief Officer transmitted the response to the Rotterdam Convention on 3 June 2008 (see annex I).

41. At its 54<sup>th</sup> Meeting, the Executive Committee also requested the Fund Secretariat to prepare and circulate to Members of the Executive Committee a draft reply to the Head of the Chemicals Branch in UNEP/DTIE regarding the Fund's experiences relevant to the global mercury control programme (decision 54/1(b)). Accordingly, the Secretariat prepared and circulated a draft response. A reply that took into account comments received from Belgium and Uruguay was sent to the Head of the Chemicals Branch, DTIE, UNEP on 3 June 2008 (see annex II).

42. The Chief Officer received a letter dated 10 April 2008 from the Executive Secretary of Secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Annex III). The letter refers to linkages between the Montreal Protocol and the Basel Convention and requested the Secretariat to consider establishing special conditions for projects proposed by Parties to the Basel Convention that focus on the environmentally sound management of wastes containing ODS. The Fund Secretariat sent an acknowledgment and informed the Executive Secretary of the Basel Convention that the Parties to the Montreal Protocol would be discussing the report of the study on unwanted ODS (see paragraph 2) and the issue of ODS disposal and destruction at the 28th Open-Ended Working Group Meeting (OEWG) of the Parties. The Executive Committee may wish to consider a further reply to this letter in the light of discussions at the OEWG.

### **Staff issues**

43. The Secretariat has continued with its language training programme. On 7 May a team building course was held for Secretariat staff.

44. As a follow-up to decision 54/44 administrative action was taken to secure the UNEP Executive Director's endorsement of the new staff positions. The Secretariat took action to make a temporary recruitment against a P3 level post and to finalize job descriptions of the three P3 staff and two G6 staff. In addition the Secretariat was successful in securing from the United Nations headquarters, the Deputy Chief Officer's extension of contract for an additional seven months beyond retirement age. His valuable services would be retained for the 56<sup>th</sup> Meeting of the Executive Committee in November 2008.

### **Preparation for the meetings of the Executive Committee**

45. Logistical arrangements were made for the 55<sup>th</sup> Meeting of the Executive Committee, to be held at the United Nations Conference Centre, UNESCAP, in Bangkok, Thailand from 14-18 July 2008. Letters of invitation were provided to members of the Executive Committee, the President of the Bureau of the 19th Meeting of the Parties, the President and Vice President of the Implementation Committee, the Executive Director of UNEP, the Executive Secretary of the Ozone Secretariat, the implementing agencies and observers (NGOs/IGOs). As advised at the Fifty-fourth Meeting (see paragraph 19 of the Report of the 54th Meeting of the Executive Committee, UNEP/OzL.Pro/ExCom/54/59), documents for the 55<sup>th</sup> Meeting of the Executive Committee were issued in electronic format only.

46. The Secretariat continued its preparations for the paperless 56<sup>th</sup> Meeting in Doha in close cooperation with the Ozone Secretariat.

### **Information Activities**

47. Reports of the 54<sup>th</sup> Meeting of the Executive Committee in Arabic, English, French and Spanish and a post-meeting summary were posted on the public web site ([www.multilateralfund.org](http://www.multilateralfund.org)).

48. A 55<sup>th</sup> Meeting site containing documents in Arabic, Chinese, English, French and Spanish, and logistical information on the 55<sup>th</sup> Meeting was created on the Multilateral Fund intranet. All documents for general distribution were additionally placed on the public web site.

49. The Secretariat further refined and developed the web-based system for multi-year agreements (MYA) overview tables and country profiles (see paragraph 13-14).

50. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines for the 55<sup>th</sup> Meeting:

- (a) Inventory of Approved Projects as of April 2008;
- (b) Policies, Procedures, Guidelines and Criteria as of April 2008;
- (c) Phase-out plans and projects as of April 2008.

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MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

*Secretariat*

UNEP/OzL.Pro/ExCom/55/2  
Annex I

3 June 2008

Dear Mr. Cooper,

Further to my letter of 17 January 2008 regarding the implementation of Decision RC-3/5 Financial Mechanisms at the 3<sup>rd</sup> Meeting of the Conference of the Parties to the Rotterdam Convention, I wish to advise you that I submitted your letter of 26 November 2007 and its attachment to the 54<sup>th</sup> Meeting of the Executive Committee in April 2008 and referred in particular to paragraph 9 of the abovementioned decision. The Executive Committee took note of the request of the Rotterdam Convention Secretariat and requested the Multilateral Fund Secretariat to prepare and circulate via e-mail to Members of the Executive Committee a draft reply on experiences relevant to the Convention. Attached therefore is our response to your letter as agreed by the Executive Committee.

I am ready to answer any queries you may have regarding this reply.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Maria U. Nolan".

Maria Nolan  
Chief Officer

Mr. Donald Cooper  
Joint Executive Secretary  
Secretariat for the Rotterdam Convention  
United Nations Environment Programme (UNEP)  
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Enclosure

## **POSSIBLE AREAS OF COLLABORATION BETWEEN THE MULTILATERAL FUND OF THE MONTREAL PROTOCOL AND THE ROTTERDAM CONVENTION**

1. To achieve its overarching objective of regulating the flow across national borders of the chemicals covered by the Convention, the Rotterdam Convention on the Prior Informed Consent Procedure expects each of its signatory countries to establish and in some cases strengthen its national capacity to control the movement of such chemicals to and from its territory. As shown in Section C of UNEP/FAO/RC/COP.3/13 "Study of Possible Options for Lasting and Sustainable Financial Mechanisms", a document issued at COP 3 of the Convention, this national capacity includes, among other things, the following activities:

- Designating national authorities for managing the regulation of the listed chemicals;
- Providing the needed resources to such authorities to collect, register and report data internationally on such chemicals;
- Enacting or amending laws to regulate or ban the import or export of the listed chemicals;
- Harmonizing customs codes and labelling of listed chemicals and their shipment;
- Training of customs officers to enable them to determine whether export notification and information requirements are met; and
- Educating the public on chemicals handling, accident management and safer alternatives.

2. The Multilateral Fund, in implementing its mandate to assist developing countries in complying with the ozone-depleting substances (ODS) control schedules of the Montreal Protocol, has funded since 1991 activities similar to those listed in the preceding paragraph. Such activities have contributed towards phasing out the consumption and production of ODS in well over 140 countries under the Fund's institutional strengthening programme.

3. This programme has resulted in:

- The creation of a national ozone unit (NOU) in each country which owns and oversees the national programme of phasing out ODS consumption and production according to the Montreal Protocol;
- Enacting import and export licensing systems to regulate the movement of ODS across national borders;
- Collecting and reporting ODS consumption and production data to the Ozone and Multilateral Fund Secretariats; and
- Training customs officers and harmonizing customs codes for ODS.

4. The capacities so created and strengthened have been instrumental in achieving the success of the Montreal Protocol to-date in developing countries. It should be noted however that these capacities have been funded in line with Article 10 of the Montreal Protocol and created to achieve the objectives of this Treaty.

5. In view of the similarities between the activities that are implemented to control the chemicals regulated under each of the two conventions, and taking into account the success of the Montreal Protocol in achieving its goals to date, it would seem logical to suggest that the Rotterdam Convention could consider adopting similar implementation mechanisms of the Multilateral Fund. In particular, the concept of setting up national ozone units could be used as a model to deliver the goals of the Rotterdam Convention.

6. If this is considered acceptable, the relevant actions could take place at a national level where the national ozone office could share, with the designated national authorities for the Rotterdam Convention, the experience and lessons learned in data collection and reporting, drafting and enacting import/export licensing systems, activities related to harmonisation of customs, and training of customs officers, among other things.

7. However, it is difficult to consider at the moment any collaboration beyond this proposal between the Multilateral Fund and the Rotterdam Convention because the Multilateral Fund has a well defined mandate from the Meeting of the Parties to the Montreal Protocol, and the Rotterdam Convention is not part of that mandate. Any further collaboration would require careful examination of the legal, administrative and financial implications of so doing at an appropriate level, such as the Conference of the Parties to the Rotterdam Convention and the Meeting of the Parties to the Montreal Protocol.





MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

*Secretariat*

UNEP/OzL.Pro/ExCom/55/2  
Annex II

3 June 2008

Dear Mr. Bakken,

Further to my letter of 3 April 2008 in response to your request inviting the Multilateral Fund Secretariat to provide comments on experience in building the technical capacity of developing countries in the global control of mercury, I wish to advise you that I submitted your letter of 3 March 2008 to the 54<sup>th</sup> Meeting of the Executive Committee in April 2008 and referred in particular to one of the tasks from the 2<sup>nd</sup> Meeting of the Open-ended Working Group to collect information on technology support in the interest of implementing the global mercury control actions.

The Executive Committee took note of the letter from the Chemicals Branch, DTIE and requested the Multilateral Fund Secretariat to prepare and circulate, via e-mail, to Members of the Executive Committee a draft reply on experiences relevant to the mercury programme.

Attached therefore is our response to your letter as agreed by the Executive Committee. I am ready to answer any queries you may have regarding this reply.

Sincerely yours,

A handwritten signature in black ink, which appears to read "Maria L. Nolan".

Maria Nolan  
Chief Officer

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Enclosure

## **Experience of the Multilateral Fund in building the technical capacity of developing countries in the implementation of the Montreal Protocol**

1. Since 1991 the Multilateral Fund has supported developing countries in complying with the control schedules on ozone-depleting substances under the Montreal Protocol. While there are many areas where the experience accumulated under the Multilateral Fund could be transferred to other MEAs in achieving their goals, the discussion below is more targeted at the goals that the global mercury programme has to achieve. This relates in particular to your request for information on processes that would enable the transfer of technology and the technical capacity created thereby to be sustainable.

2. It is important to create or reinforce an institution in each developing country to support any global programme. An institution so created would become the anchoring point of the global programme in the country. This has proven successful in the implementation of the Montreal Protocol in developing countries, and could also provide a model for supporting and implementing the global mercury programme. The institution could start by setting up and maintaining an inventory of the use, supply and demand for mercury as well as the technologies for which mercury is being used in each country, and also monitor the trade in mercury-related commodities and products in and out of the country. This would assist in establishing a baseline for mercury use and the type of technology being applied) in the country and provide a continuous monitoring of such uses and opportunities for technology upgrade.

3. Another experience which has been proven to be very important in the control and eventual reduction of ozone-depleting substances is the role of government policy. This could be especially effective in influencing market performance through government policies. Such policies could take the form of taxes and levies on mercury and mercury related products so as to render them less attractive to the market compared to the alternatives. Such practices have been used by many governments in developing countries to assist the phase-out of ozone-depleting substances.

4. Technical capacities and institutions of this nature, once created, will remain in the country and could be sustained by the government or other sources to support not only the implementation of the mercury programme but also any other similar programmes for which such a capacity could become useful in the future.



Ref. 13.7 Ozone Secretariat  
CF/cg/ 231.....

10 April 2008

Dear Ms. Nolan,

It was a pleasure meeting you in Washington, D.C. last November at the GEP Council meeting. As you may be aware, we provided comments on the consultant's report. With respect to the linkages between the Protocol and the Basel Convention, I would like to mention that our eighth meeting of the Conference of the Parties requested in its decision VIII/34, that the Secretariat contact the Executive Committee to the Multi-lateral Trust Fund to consider projects for building capacity and/or the transfer of technology by developing country parties and countries with economies in transition for the environmentally sound management of products containing ozone depleting substances such as refrigerator and air conditioning units. Most of the 170 Parties to the Basel Convention are the same as those to the Montreal Protocol.

Ozone depleting substances (ODS) are classified as hazardous wastes under the Basel Convention. While ODS are not subject to the control procedures set out in the Basel Convention as per decision III/15 of the third Conference of the Parties to the Basel Convention, the substances are subject to the other provisions such as the proximity principle and environmentally sound management requirements (a brief summary on this topic is attached).

In this regard, I would like to request the Secretariat to the Montreal Protocol and the Executive Committee to consider establishing special conditions for projects proposed by Parties to the Basel Convention that specially focus on the environmentally sound management of the end of life products. In this regard, it may be interesting for us to consider establishing an MOU or partnership as a mechanism for cooperation.

I welcome further discussions with you concerning closer collaboration and hope we could meet or set up a conference call to explore this arrangement further.

Yours Sincerely,

Katharina ~~Kummarova~~  
Executive Secretary

Ms. Maria Nolan  
Chief Executive Officer  
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### INFORMATION NOTE:

#### Links between the Montreal Protocol and Basel Conventions

Ozone depleting substances (ODS) are listed in the Basel Convention under category Y45: organohalogen compounds. By its Decision III/15, the Conference of the parties to the Basel Convention excluded from the scope of the Convention the controlled substances of the Montreal Protocol, which are reclaimed and purified to usable purity specifications prescribed by appropriate international and/or national organizations including the International Standards Organization (ISO).

The Basel Convention would require that wastes containing ODS be managed in an environmentally sound manner and comply with the proximity principle. Any movements across boundaries for recycling, which are exempt under Montreal Protocol, must comply with provisions of the Basel Convention.

Twenty-four of the nations that have ratified the Montreal Protocol have not ratified Basel (23 of which are Article 5 nations, 1 of which is a non-Article 5 Country. What this means is that countries that have ratified Basel may not import or export waste ODS as identified under category Y45 of Annex I to the Basel Convention from/to these 24 countries unless a special agreement is in place (see table 1).

**Table 1: Montreal Protocol Nations Which Have Not Ratified Basel**

Non-Article 5 Countries	Article 5 Countries	
United States	Afghanistan	Palau
	Angola	Sao Tome and Principe
	Central African Republic	Sierra Leone
	Republic of Congo	Solomon Islands
	Fiji	Somalia
	Gabon	Sudan
	Grenada	Suriname
	Haiti	Tonga
	Democratic Peoples Republic of Korea	Tuvalu
	Laos	Vanatu
	Myanmar	Zimbabwe
	Niue	

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