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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fortieth Meeting
Montreal, 16 -18 July 2003

REPORT OF THE FORTIETH MEETING OF THE EXECUTIVE COMMITTEE

Introduction

1. The 40th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol was held at the headquarters of the International Civil Aviation Organization (ICAO) in Montreal, from 16 to 18 July 2003, and was preceded by the 29th Meeting of the Sub-Committee on Project Review held at the same venue on 14 and 15 July and by the 20th Meeting of the Sub-Committee on Monitoring, Evaluation and Finance, held also at the same venue on 14 and 15 July 2003.
2. The Meeting was attended by representatives of the following countries members of the Executive Committee, in accordance with Decision XIV/38 of the Fourteenth Meeting of the Parties to the Montreal Protocol:
 - (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Austria, Belgium, Canada, France, Japan (Chair), and United States of America;
 - (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Bolivia, Burundi, El Salvador (Vice-Chair), India, Jordan, Mauritius, and Saint Lucia.
3. In accordance with the decisions taken by the Executive Committee at its Second and Eighth Meetings, representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), both as implementing agency and as Treasurer of the Fund, the United Nations Industrial Development Organization (UNIDO) and the World Bank attended the Meeting as observers.

4. The President of the Bureau of the Fourteenth Meeting of the Parties to the Montreal Protocol attended as an observer.
5. The Executive Secretary of the Ozone Secretariat was also present.
6. The Meeting was attended by representatives of the Alliance for Responsible Atmospheric Policy, and the Environmental Investigation Agency as observers.

AGENDA ITEM 1: OPENING OF THE MEETING

7. The Meeting was opened at 10:00 a.m. on Wednesday, 16 July 2003, by the Chair, Mr. Tadanori Inomata (Japan), who welcomed participants.
8. In his opening remarks, the Chair highlighted the Multilateral Fund's crucial role in ensuring compliance by Article 5 countries and implementing the Montreal Protocol, which had proven to be an indispensable tool for protecting the ozone layer. It was essential for Fund management to focus more on needs in the field, particularly in Article 5 countries. It was also of the utmost importance to continue the tradition of innovation and coherence in the application of policies, above all during the transition in leadership within the Fund Secretariat heralded by the departure of its Chief Officer. It was up to the Parties to the Protocol to maintain and ensure the continuity of the Multilateral Fund's integrity and efficiency as a model global environmental organization.

AGENDA ITEM 2: ORGANIZATIONAL MATTERS

(a) Adoption of the agenda

9. On the basis of the provisional agenda contained in document UNEP/OzL.Pro/ExCom/40/1, the Executive Committee adopted the following agenda:
 1. Opening of the meeting.
 2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
 3. Recommendation on the nomination for the post of Chief Officer of the Fund Secretariat: A report from the Recruitment Committee pursuant to Decision 39/58(g).
 4. Secretariat activities.
 5. Status of contributions and disbursements.

6. Service of the Treasurer (follow-up to Decision 39/3 and Decision 39/4).
7. Treatment/encashment of promissory notes.
8. Report of the 20th Meeting of the Sub-Committee on Monitoring, Evaluation and Finance on:
 - (a) Final report on the evaluation of the halon sector;
 - (b) Desk study on the evaluation of the implementation of CFC production sector agreements;
 - (c) Sources of information on procurement procedures of implementing agencies: follow-up to Decision 39/11(b);
 - (d) Revised resource allocation for the 2003-2005 triennium (Decision 39/5);
 - (e) Secretariat's proposal on criteria for project funding to accelerate phase-out and/or to maintain momentum (Decision 39/6(c)(ii));
 - (f) Progress reports as at 31 December 2002:
 - (i) Consolidated progress report;
 - (ii) Bilateral cooperation;
 - (iii) UNDP;
 - (iv) UNEP;
 - (v) UNIDO;
 - (vi) World Bank;
 - (g) 2002 accounts of the Multilateral Fund;
 - (h) Evaluation of the 2002 business plans;
 - (i) Performance indicators (Decision 38/69);
 - (j) Phase-out from cancelled projects (Decision 39/13);
 - (k) Project implementation delays;
 - (l) Project balances;

- (m) Report on the status of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol.
9. Report of the 29th Meeting of the Sub-Committee on Project Review on:
 - (a) Issues identified during project review;
 - (b) Bilateral cooperation;
 - (c) Work programme amendments:
 - (i) UNDP;
 - (ii) UNEP;
 - (iii) UNIDO;
 - (iv) World Bank;
 - (d) Investment projects;
 - (e) Report from UNEP on the use of programme support cost (Decision 35/36);
 - (f) A system for monitoring the implementation of the agreement on the phase-out of CTC and process agents in China (Decision 39/46(c)).
 10. Country programme update.
 11. Work of the Sub-Committees on Monitoring, Evaluation and Finance and Project Review (Decision 39/2).
 12. Information strategy of the Multilateral Fund: work plan with time framework and cost estimates (Decision 39/55).
 13. Production sector.
 14. Other matters.
 15. Adoption of the report.
 16. Closure of the meeting.

(b) Organization of work

10. The Executive Committee agreed to follow its customary procedure.

AGENDA ITEM 3: RECOMMENDATION ON THE NOMINATION FOR THE POST OF CHIEF OFFICER OF THE FUND SECRETARIAT: A REPORT FROM THE RECRUITMENT COMMITTEE PURSUANT TO DECISION 39/58(g)

11. This agenda item was discussed in closed session.

AGENDA ITEM 4: SECRETARIAT ACTIVITIES

12. The Chief Officer presented the report on the activities of the Secretariat since the 39th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/40/3).

13. He drew attention in particular to the circulation of the post-meeting summary of the decisions of the 39th Meeting, which had been sent to meeting participants and regional network officers of UNEP's Compliance Assistance Programme (CAP), as well as being posted on the Secretariat's web site, in response to a proposal made at the 39th Meeting.

14. The Secretariat had recruited a consultant to review the tasks of the Treasurer and explore the suitability of institutions to assume the role of Treasurer with a view to submitting a report to the Executive Committee.

15. In the production sector, all but one of the specified technical audits had been completed, including that for Venezuela, although the technical audit report had only been received at the time document UNEP/OzL.Pro/ExCom/40/3 was finalized. The audit of CTC/TCA production in China, for which a contract had been awarded, would commence shortly.

16. One particularly important mission the Chief Officer had undertaken jointly with UNDP had been to a meeting in London with representatives of two pharmaceutical companies regarding the negotiations on transferring MDI technology to Cuba, which had proved most useful in understanding the incremental costs involved.

17. Representatives of the Secretariat had attended three regional network meetings, but had been unable to attend two other network meetings owing to preparations for the 40th Meeting of the Executive Committee. The Secretariat found network meetings to be extremely useful so it was to be hoped that they would not in future be held during the period immediately preceding an Executive Committee meeting.

18. Several representatives thanked the Secretariat for its efforts in preparing meeting documentation and responding to requests for information. In particular, they thanked the Chief Officer for the high professional standards that he had set, noting that they had been fully met by the Secretariat's staff.

19. The Executive Committee decided:

- (a) To take note with appreciation of the report by the Chief Officer on Secretariat activities (UNEP/OzL.Pro/ExCom/40/3);
- (b) To express appreciation to the Chief Officer and the Secretariat's staff for their work;
- (c) To convey the Committee's best wishes to the Chief Officer for the future.

(Decision 40/1)

AGENDA ITEM 5: STATUS OF CONTRIBUTIONS AND DISBURSEMENTS

20. The Treasurer presented document UNEP/OzL.Pro/ExCom/40/4/Rev.1, which contained the report on the status of the Fund as at 11 July 2003 but did not include an explanatory section on "Methodology and Assumptions" as required by Decision 38/1(b)(i) as it had previously been published and there had been no substantial changes.

21. As at 11 July 2003, taking into account the resource transfers covering all the approvals of the Executive Committee, including those from its 39th Meeting, the balance of the Multilateral Fund stood at US \$101.9 million.

22. The Treasurer reported that the shortfall due to the implementation of the fixed-exchange rate mechanism (FERM) and the encashment of promissory notes had decreased since the 39th Meeting due to changes in the US \$/euro exchange rate.

23. The Treasurer also noted that the aggregate tables contained a summary of the contributions outstanding and the arrears owed for the period 1991 to 2002, as well as a summary of the cumulative contributions inclusive of current pledges for the period 1991 to 2003.

24. In reply to a number of representatives who raised the issue of the discrepancies between the Treasurer's report and the amounts reported by the implementing agencies to the Sub-Committee on Monitoring, Evaluation and Finance, the Treasurer explained that the reconciliation of this financial information took place each September once the implementing agencies had submitted their audited reports. She also observed that, as the methodology and assumptions used in her report were the same as those used in the previous report, it had not been necessary to include them as part of the report.

25. Following a discussion, in which a number of Parties reported that their contributions had been made but had not yet been reflected in the report, the Executive Committee decided:

- (a) To take note with appreciation of the Treasurer's report, including the tables showing the updated status of the Fund as at 11 July 2003 and reproduced in Annex I to the present report;

- (b) To note:
 - (i) that the explanation of the methodology and assumptions being used by the Treasurer could be made available through the Internet;
 - (ii) the payments by Parties of their contributions in accordance with the financial procedures and regulations in force in their respective countries;
 - (iii) with concern the low level of rates of payment of contributions; and
 - (iv) the importance of reconciled financial accounts, which would facilitate the financial decisions of the Executive Committee;
- (c) To urge those Parties that had not yet done so to make their contributions in a timely manner;
- (d) To request the Treasurer:
 - (i) to remind Parties of the need for early payment of their contributions;
 - (ii) to include footnotes in the report to indicate the provisional nature of the unreconciled financial accounts; and
 - (iii) to report on how the financial accounts were to be reconciled as well as on how this reconciliation might be effected as early in the year as possible.

(Decision 40/2)

AGENDA ITEM 6: SERVICE OF THE TREASURER (FOLLOW-UP TO DECISION 39/3 AND DECISION 39/4)

26. The Chief Officer introduced the Note from the Secretariat on the Service of the Treasurer (UNEP/OzL.Pro/ExCom/40/5), recalling that UNEP had undertaken the role of Treasurer to the Multilateral Fund under an agreement between the Executive Committee and UNEP signed in November 1991, under which UNEP had accepted to do so without charging a fee. As the Fund had developed, however, the functions of the Treasurer had expanded and UNEP had indicated that it could not continue in the role unless it could recover the costs incurred. The Executive Committee had discussed the issue at its 39th Meeting and in Decision 39/3(c) had requested the Secretariat to explore the willingness and capacity of various international agencies to undertake the role, including the associated fees. The Executive Director of UNEP had written to the Chair of the Executive Committee on 22 April 2003 (UNEP/OzL.Pro/ExCom/40/5, Annex I) requesting an amendment to paragraph 3.1 of Article III of the Agreement between the Executive Committee and UNEP whereby UNEP would be reimbursed for its costs, under modalities to be agreed with the Executive Committee.

27. At the invitation of the Chair, the consultant who had carried out the relevant study on behalf of the Secretariat presented his report (UNEP/OzL.Pro/ExCom/40/5/Add.1). Part I

outlined the tasks currently undertaken by UNEP as Treasurer, while Part II noted that four agencies were willing to take on the role of Treasurer, namely, ICAO, UNIDO, the World Bank and UNEP. The relevant costs estimated by the agencies were also set out, ranging from US \$301,000 for UNEP to US \$2,000,000 for the World Bank. All of the agencies other than UNEP also expected to be reimbursed for the cost of taking over the functions from UNEP, and all agencies indicated that they would expect the cost estimates to be reviewed in the light of experience. The report noted that there was no doubt that each of the four agencies had the capacity to undertake the role of Treasurer, as all presently managed trust funds with varying requirements.

28. The Executive Committee decided:

- (a) To take note of the consultant's report;
- (b) To amend paragraph 3.1 of Article III of the agreement between the Executive Committee and UNEP to read as follows:

"3.1 UNEP in its capacity as Treasurer shall be reimbursed for costs incurred for services it will provide pursuant to this Agreement. Modalities for the provision of services and the reimbursement of costs shall be agreed upon by the Executive Committee of the Multilateral Fund and the United Nations Environment Programme.";
- (c) To request UNEP to continue acting as Treasurer of the Multilateral Fund until the modalities of cost estimates and reimbursement could be agreed;
- (d) Pending the conclusion of such agreement, to inform the Executive Director of UNEP that the Multilateral Fund would reimburse UNEP for the costs of doing so at a rate of US \$301,000 per annum as quoted by UNEP, whose starting point would be 1 September 2003;
- (e) To define precisely the services that would be required of the Treasurer and to request the Secretariat to collect additional information on the services available in other organizations and reflect them in a new draft agreement;
- (f) To re-examine the issue at its 41st Meeting.

(Decision 40/3)

AGENDA ITEM 7: TREATMENT/ENCASHMENT OF PROMISSORY NOTES

29. The Executive Committee decided:

- (a) To defer consideration of this agenda item until its 41st Meeting; and

- (b) To request the Secretariat to include the proposal of the United States of America on promissory notes as a document for the 41st Meeting.

(Decision 40/4)

AGENDA ITEM 8: REPORT OF THE 20TH MEETING OF THE SUB-COMMITTEE ON MONITORING, EVALUATION AND FINANCE

30. The representative of Canada, Chair of the Sub-Committee on Monitoring, Evaluation and Finance (composed of Austria, Belgium, Canada, El Salvador, Hungary, Jordan and Mauritius) introduced the report of the Sub-Committee on its 20th Meeting, held in Montreal on 14 and 15 July 2003 (UNEP/OzL.Pro/ExCom/40/7), which contained the Sub-Committee's recommendations on the following issues:

(a) Final report on the evaluation of the halon sector

31. Having considered the comments and recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 9 and 10), the Executive Committee noted the information provided in document UNEP/OzL.Pro/ExCom/40/8, including the recommendations aimed at the countries visited and the implementing agencies with a view to enhancing the implementation of ongoing projects, taking into account the comments made by the members of the Sub-Committee on Monitoring, Evaluation and Finance at its meeting.

32. The representative of the United States of America expressed concern at the direction that the halon sector report had taken, focusing on the implementation of individual projects in certain countries and making recommendations directed to those countries. It was his understanding that the purpose of the evaluation was not to audit projects, but rather to draw broader conclusions that would allow the Executive Committee to learn lessons for future projects. He urged the Senior Monitoring and Evaluation Officer to follow terms of reference for evaluations more closely in the future.

(b) Desk study on the evaluation of the implementation of CFC-production sector agreements

33. Having considered the comments and recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 12 and 13), the Executive Committee noted the information provided in document UNEP/OzL.Pro/ExCom/40/9, including the proposed evaluation issues for further analysis during field evaluation missions, taking into account the comments made by the members of the Sub-Committee on Monitoring, Evaluation and Finance at its meeting and the comments made by members of the Executive Committee during the 40th Meeting.

(c) Sources of information on procurement procedures of implementing agencies: follow-up to Decision 39/11 (b)

34. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 15 and 16), the Executive Committee decided:

- (a) To note the information provided in document UNEP/OzL.Pro/ExCom/40/10;
- (b) To request implementing agencies to exchange information on the capacity, efficiency and experience of suppliers and consultants in delivering projects; and
- (c) To include in the Multilateral Fund Secretariat's web site links to the implementing agencies' relevant sites to assist those interested in providing services or goods.

(Decision 40/5)

35. The representative of Japan wished to have included in the report, a request to implementing agencies to apply more effort to correcting the regional imbalance in procurement results.

(d) Revised resource allocation for the 2003-2005 triennium (Decision 39/5)

36. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 18 and 19), the Executive Committee decided:

- (a) To note with appreciation the 2003-2005 business plan letters submitted by the Governments of Spain, Switzerland and the United States of America and the amendments to the 2003-2005 business plans of Canada, Czech Republic, France, Germany, Hungary and Sweden as contained in UNEP/OzL.Pro/ExCom/40/11, Add.1 and Add.2/Rev.1, the business plan submitted by Japan immediately preceding the 40th Meeting of the Executive Committee and summarized orally by the representative of Japan at the Executive Committee Meeting, as well as the information that a business plan letter would shortly be received from Austria;
- (b) To request contributing Parties that had indicated their interest in undertaking bilateral projects during the triennium but had not submitted specific information with regard to such projects to do so as soon as possible and at a minimum to submit business plans prior to the 42nd Meeting of the Executive Committee, indicating, to the extent practicable, the following information:
 - (i) the projects planned to be submitted during the triennium;
 - (ii) the estimated value of each planned project; and

- (iii) the phase-out associated with each planned project, where applicable;
- (c) To urge contributing Parties to prioritize, for inclusion in their three-year business plans, projects required for countries to comply with impending Montreal Protocol control measures, using as a basis the three-year phase-out plan of the Multilateral Fund.

(Decision 40/6)

(e) Secretariat's proposal on criteria for project funding to accelerate phase-out and/or to maintain momentum (Decision 39/6(c)(ii))

37. The Executive Committee held a substantive discussion on the recommendation made by the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 23) and also had before it an informal text containing comments by Japan on the proposal made by the Secretariat in document UNEP/OzL.Pro/ExCom/40/12.

38. There was general agreement on the need for the Executive Committee to establish criteria for the approval of funding of projects aimed at accelerating phase-out and maintaining momentum. It was also agreed that the matter required further discussion, and that the debate should, in the future, take place in the Executive Committee itself.

39. Several representatives indicated that a first step would be for the Executive Committee to agree on a definition of the terms "accelerated phase-out" and "maintaining momentum". The Chair of the Sub-Committee on Monitoring, Evaluation and Finance drew attention to the definitions contained in the Secretariat's proposal. The representative of Japan considered that the definition of "maintaining momentum" by the Secretariat in that document should be expanded to include countries with national legislation in place to accelerate ODS phase-out; those with a comprehensive plan to phase out ODS that had been agreed by all stakeholders; and those with the necessary financial and technical mechanisms to initiate activities related to ODS phase-out.

40. The same representative expressed the view that the funds to be made available to fund projects for the purpose of accelerating phase-out and maintaining momentum, but not required in the current business plan, should not include the remaining identified funds within the limit of 20 per cent of contributions of non-Article 5 parties that were reserved for bilateral projects. The position paper of Japan on criteria for project funding to accelerate phase-out and/or to maintain momentum is attached as Annex II to the present report.

41. A number of reservations were expressed concerning the criteria for projects designed to accelerate phase-out or maintain momentum. Some representatives did not agree that the criteria should be listed in "descending order", as appeared in the proposal. Other representatives, on the other hand, could not agree to its deletion as it was essential to establish some order of priority to enable the Secretariat and the Executive Committee to review proposed projects quickly and effectively.

42. It was generally considered that the criterion allowing funding for new Parties to the Montreal Protocol and its Amendments required clarification to the effect that such funding could be approved for new Parties that found themselves to be in non-compliance with the provisions of the Protocol upon its ratification.

43. One representative expressed the view that discussion of accelerated phase-out had hitherto been considered to pertain only to phase-out of consumption, but another delegation contested that view, stating that phase-out of production was equally important and that the two had to be balanced.

44. At the outcome of the discussion, it was the consensus that the procedure and criteria for approval of funding for projects aimed at accelerating phase-out and/or maintaining momentum could be adopted on an interim basis for a limited time, and lessons could be drawn from the experience gained in their provisional implementation. Discussion on the issue could continue in the Executive Committee, with a view to refining the procedure and criteria.

45. Accordingly, the Executive Committee decided:

- (a) That the funds listed in subparagraphs (i), (ii) and (iii) below could be allocated to a funding window to accelerate phase-out, maintain momentum and meet the as yet unidentified compliance needs of Article 5 countries:
 - (i) funds not required in the current year's business plan defined as the difference between the value for each activity in the business plan and the amount approved for it by the Executive Committee;
 - (ii) funds returned from balances, cancellations, and changes in ownership from projects approved during the triennium; and
 - (iii) funds from annual tranches not approved during the business plan year due to a delay in submission and approval, taking into account the funds required for the entire triennium;
- (b) That the funds identified in accordance with subparagraphs (a) (i), (ii) and (iii) above could be redeployed to projects/agreements for the following in descending order and on the basis of cost-effectiveness within each category so as to accelerate phase-out, maintain momentum and meet the as yet unidentified compliance needs of Article 5 countries:
 - (i) new Parties to the Montreal Protocol and its amendments;
 - (ii) countries with low levels of consumption of methyl bromide, halon, CTC and TCA;
 - (iii) LVC countries that have received funding for an RMP pursuant to Decision 31/48;
 - (iv) countries for which project preparation has been approved and utilized;

- (v) countries with a low level of residual consumption on a case-by-case basis; and
- (vi) countries for the purpose of phasing out ODS production;
- (c) That the above criteria would expire after the 42nd Meeting of the Executive Committee unless previously re-approved or modified by the Executive Committee.

(Decision 40/7)

(f) Progress reports as at 31 December 2002:

(i) Consolidated progress report

46. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 25 and 26), the Executive Committee decided:

- (a) To take note of the consolidated progress report of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/40/13;
- (b) To request the implementing agencies to take measures to reduce the amount of time taken to obtain signatures of agreements and project documents and to report thereon to the 41st Meeting of the Executive Committee, and to require letters from governments accepting the projects/agreements in the amount recommended by the Secretariat prior to final approval;
- (c) Also to request implementing agencies to resubmit the financial information in their progress reports to the Fund Secretariat no later than eight weeks prior to the 41st Meeting and to encourage them to submit the audited financial accounts no later than 1 September 2003; and
- (d) Further to request bilateral agencies to submit their annual progress reports by 1 May each year.

(Decision 40/8)

(ii) Bilateral cooperation

47. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 28), the Executive Committee decided:

- (a) To take note with appreciation of the progress reports submitted by the Governments of Australia, Belgium, Canada, France, Germany, Israel, Italy, Japan, Poland, Sweden, Switzerland and the United Kingdom;

- (b) To request the Government of Finland to provide its progress report to the 41st Meeting of the Executive Committee;
- (c) To note that prior to the 40th Meeting the Treasurer had made adjustments to the total net value of bilateral contributions of Australia and Canada (US \$1,208,219 and US \$6,448,438, respectively), based on the data submitted in their progress reports that were consistent with the data in the Secretariat's Inventory of Approved Projects;
- (d) To request the Governments of Belgium, Canada, France, Germany and Japan to provide reports on projects with implementation delays to the 41st Meeting;
- (e) To set the milestone of initiation of field trials to demonstrate alternatives to methyl bromide in grain storage by 15 September 2003 for the methyl bromide demonstration programme in Kenya (KEN/FUM/26/DEM/20), implemented by Canada;
- (f) To monitor the following projects as projects with implementation delays and note their slow progress:
 - (i) assistance in the design of policies and regulations in Saint Kitts and Nevis (STK/REF/24/TAS/04), implemented by Canada; and
 - (ii) customs training project in Viet Nam (VIE/REF/34/TAS/37), implemented by Poland;
- (g) To offset US \$125,665 in project savings against future approvals of the Government of France for bilateral cooperation as indicated below:
 - (i) US \$19,257 from project preparation for phase-out of methyl bromide used in grain fumigation in Costa Rica (COS/FUM/29/PRP/21);
 - (ii) US \$5,121 from technical assistance in air-conditioning in Ghana (GHA/REF/27/TAS/11);
 - (iii) US \$2,381 from documentary on traffic in secondhand refrigerators in Côte d'Ivoire (IVC/REF/27/TAS/14);
 - (iv) US \$31,575 from technical assistance in air-conditioning in Jordan (JOR/REF/27/TAS/46);
 - (v) US \$495 from project preparation and technical assistance in Lebanon (LEB/FOA/19/TAS/07);
 - (vi) US \$235 from conversion to non-CFC technology in the manufacture of flexible moulded foam at Meuble Mode Sarl in Lebanon (LEB/FOA/20/INV/10);

- (vii) US \$7,224 from conversion to non-CFC technology in the manufacture of flexible foam (slabstock) at Plastiflex Sarl in Lebanon (LEB/FOA/20/INV/12);
- (viii) US \$950 from conversion to non-CFC technology in the manufacture of flexible foam (slabstock) at Merza Foam Sarl in Lebanon (LEB/FOA/20/INV/13);
- (ix) US \$2,258 from conversion to non-CFC technology in the manufacture of flexible foam (slabstock) at Fomaco Sarl in Lebanon (LEB/FOA/20/INV/15);
- (x) US \$13,443 from conversion of commercial refrigeration production facilities in Lebanon (LEB/REF/23/INV/22);
- (xi) US \$3,019 from country programme preparation in Madagascar (MAG/SEV/21/CPG/01);
- (xii) US \$4,538 from no clean process improvement training for electronic assemblers who phased out CFC-113 in Malaysia (MAL/SOL/22/TRA/97);
- (xiii) US \$12,891 from institutional strengthening in Mauritania (MAU/SEV/14/INS/02);
- (xiv) US \$544 from training and awareness of personnel involved in the task of codifying and identifying ODS and ODS-containing material in Mauritania (MAU/SEV/14/TRA/03);
- (xv) US \$1,000 from project preparation in the foam sector in Mali (MLI/FOA/25/PRP/04);
- (xvi) US \$248 from project preparation for projects in the hotel and fisheries industries and recycling in Senegal (SEN/REF/19/PRP/06);
- (xvii) US \$8,828 from project preparation in commercial refrigeration in the Syrian Arab Republic (SYR/REF/26/PRP/35);
- (xviii) US \$4,018 from project preparation in the air-conditioning sector in the Syrian Arab Republic (SYR/REF/26/TAS/37);
- (xix) US \$2,140 from no clean process improvement training for electronic assemblers in Thailand (THA/SOL/29/TRA/124); and
- (xx) US \$5,500 from technical assistance on alternative technologies for cold storage in Viet Nam (VIE/REF/20/TAS/12);

- (h) To request the Treasurer to modify the total amount of France's bilateral assistance up to the end of the 39th Meeting to US \$8,592,195 based on the data submitted in France's progress report that were consistent with the data in the Secretariat's Inventory of Approved Projects;
- (i) To note the transfer of funds from France for the technical assistance project on air-conditioning in Jordan (JOR/REF/27/TAS/46) to the World Bank;
- (j) To allow the implementing and bilateral agencies to redeploy savings from RMP subprojects to other RMP subprojects, with the agreement of the country concerned;
- (k) To offset US \$81,000 against future approvals of the Government of Germany for bilateral cooperation from the methyl bromide project in Egypt (EGY/FUM/26/DEM/69);
- (l) To request the Treasurer to modify the total amount of Germany's bilateral assistance up to the end of the 39th Meeting to US \$21,254,824, based on the data submitted in Germany's progress report that were consistent with the data in the Secretariat's Inventory of Approved Projects; and
- (m) Also to request the Government of Japan to report to the 41st Meeting on project preparation in the solvent sector in China (CPR/SOL/29/PRP/307) in the context of completed projects with balances.

(Decision 40/9)

(iii) UNDP

48. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 30 and 31), the Executive Committee decided:

- (a) To take note of UNDP's progress report contained in UNEP/OzL.Pro/ExCom/40/15 and Corr.1;
- (b) To monitor the Garabouli foam project in the Libyan Arab Jamahiriya (LIB/FOA/32/INV/06) as a project with implementation delays and note its slow progress;
- (c) To note that UNDP would report on up to 51 projects with implementation delays, including 29 projects that were so classified in 2002;
- (d) Also to note that UNDP had 364 projects classified as completed for over one year with remaining balances totalling US \$4,774,693; and

- (e) To request UNDP to address the financial inconsistencies in the context of the reconciliation of accounts pursuant to Decision 38/9(d), noting that overruns should not be allowed pursuant to Decision 17/22.

(Decision 40/10)

(iv) UNEP

49. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 33), the Executive Committee decided:

- (a) To take note of UNEP's progress report contained in UNEP/OzL.Pro/ExCom/40/16;
- (b) To set targets for UNEP's CAP with a view to full data reporting by Article 7 Parties based on the following performance indicators:
 - (i) number of countries with missing data that received specific CAP assistance for data reporting in order to determine compliance baselines. UNEP should give a clear indication of the assistance provided; and
 - (ii) number of countries reporting data in compliance with Article 7 of the Protocol;
- (c) To monitor the project on training in hydrocarbon technology in the refrigeration sector in Uruguay (URU/REF/34/TAS/36) as a project with implementation delays, having noted the verbal report presented by UNEP at the Meeting;
- (d) To request the submission of additional status reports to the 41st Meeting of the Executive Committee, including action taken by UNEP and the National Ozone Units (NOU) since the 40th Meeting, on the following institutional strengthening projects:
 - (i) Dominica (DMI/SEV/26/INS/04);
 - (ii) Democratic People's Republic of Korea (DRK/SEV/32/INS/13);
 - (iii) Cambodia (KAM/SEV/36/INS/03);
 - (iv) Grenada (GRN/SEV/30/INS/02);
 - (v) Mozambique (MOZ/SEV/15/INS/03);
 - (vi) Myanmar (MYA/SEV/29/INS/02);
 - (vii) Saint Kitts and Nevis (STK/SEV/21/INS/02);

- (viii) United Republic of Tanzania (URT/SEV/20/INS/07); and
- (ix) Zambia (ZAM/SEV/30/INS/11);
- (e) To monitor the preparation of the country programme for Liberia (LIR/SEV/27/CPG/01), implemented by UNEP, as a project with implementation delays and note its slow progress;
- (f) To note that UNEP had 15 projects classified as projects with implementation delays, including three projects that had been so classified in 2002, and to request that a report on those projects be submitted to the 41st Meeting;
- (g) Also to note that up to the end of May 2002, UNEP had 56 projects classified as completed for over one year with remaining balances totalling US \$377,865; and
- (h) To request UNEP to address any financial inconsistencies between the progress report data and the audited UNEP accounts in the context of the reconciliation of accounts pursuant to Decision 38/9(d), noting that overruns should not be allowed pursuant to Decision 17/22.

(Decision 40/11)

(v) UNIDO

50. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 35), the Executive Committee decided:

- (a) To take note of UNIDO's progress report contained in UNEP/OzL.Pro/ExCom/40/17;
- (b) To monitor the following projects as projects with implementation delays and note their slow progress:
 - (i) methyl bromide phase-out plan in Turkey (TUR/FUM/35/INV/74);
 - (ii) methyl bromide phase-out project in Uganda (UGA/FUM/34/INV/08);
 - (iii) methyl bromide demonstration project in Botswana (BOT/FUM/25/DEM/05);
 - (iv) methyl bromide demonstration project in Cameroon (CMR/FUM/25/DEM/16);
 - (v) methyl bromide workshop in Mali (MLI/FUM/26/TRA/12); and
 - (vi) methyl bromide demonstration project in Thailand (THA/FUM/25/DEM/97);

- (c) To note that UNIDO would report to the 41st Meeting of the Executive Committee on up to 26 projects with implementation delays, including 15 projects that had been so classified in 2002;
- (d) Also to note that UNIDO had 90 projects classified as completed for over one year with remaining balances totalling US \$2,951,018; and
- (e) To request UNIDO and the Secretariat to address the financial inconsistencies between UNIDO's progress report and the Secretariat's Inventory of Approved Projects in the context of the reconciliation of accounts to be submitted to the 41st Meeting pursuant to Decision 38/9(d), noting that overruns should not be allowed pursuant to Decision 17/22.

(Decision 40/12)

(vi) World Bank

51. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 37), the Executive Committee decided:

- (a) To take note of the World Bank's progress report contained in UNEP/OzL.Pro/ExCom/40/18;
- (b) Also to note that 68 projects implemented by the World Bank were classified as projects with implementation delays;
- (c) To monitor the following projects as projects with implementation delays and note their slow progress:
 - (i) terminal phase-out management plan in the Bahamas (BHA/PHA/35/INV/08);
 - (ii) MAC recovery and recycling project in Thailand (THA/REF/07/TAS/07);
 - (iii) chiller project in Thailand (THA/26/REF/INV/104);
 - (iv) halon fire extinguisher project in Thailand (THA/HAL/32/INV/34); and
 - (v) halon bank in Thailand (THA/HAL/29/INV/121);
- (d) To request the World Bank to implement the two SME foam projects in Indonesia (IDS/FOA/23/INV/77 and 78) as per the original project document and to return any funds and agency fees associated with the remaining enterprises that had been closed or did not provide required data in project IDS/FOA/23/INV/78;

- (e) To reclassify the methyl bromide demonstration project in Ecuador (ECU/FUM/26/DEM/23) as a technical assistance project and note that it would achieve additional phase-out of 15 ODP tonnes;
- (f) To cancel the foam project preparation activity in Tunisia (TUN/FOA/36/PRP/42) and to request the World Bank to return all approved funds and agency fees;
- (g) To note that the World Bank had 34 projects classified as completed for over one year with remaining balances totalling US \$5,931,118; and
- (h) To request the World Bank and the Secretariat to address the financial inconsistencies between the Bank's progress report and the Secretariat's Inventory of Approved Projects in the context of the reconciliation of accounts to be submitted to the 41st Meeting of the Executive Committee pursuant to Decision 38/9(d), noting that overruns should not be allowed pursuant to Decision 17/22.

(Decision 40/13)

(g) 2002 accounts of the Multilateral Fund

52. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 39), the Executive Committee decided:

- (a) To take note of the report contained in UNEP/OzL.Pro/ExCom/40/19/Rev.1;
- (b) To request the implementing agencies to submit audited accounts for 2002 to the Treasurer no later than 1 September 2003 for submission to the 41st Meeting of the Executive Committee.

(Decision 40/14)

(h) Evaluation of the 2002 business plans

53. Having considered the comments and recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 41), the Executive Committee noted the evaluation of the implementing agencies' performance against their 2002 business plans as contained in UNEP/OzL.Pro/ExCom/40/20 and Corr.1.

(i) Performance indicators (Decision 38/69)

54. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 43), the Executive Committee decided:

- (a) To take note of the document on performance indicators presented in UNEP/OzL.Pro/ExCom/40/21;
- (b) To request the implementing agencies and to invite Parties to submit proposals for performance indicators to the Secretariat eight weeks prior to the 41st Meeting of the Executive Committee;
- (c) Also to request the Secretariat to prepare a paper based on the concepts outlined in UNEP/OzL.Pro/ExCom/40/21, comments provided by members of the Executive Committee during the 40th Meeting, and the input of the implementing agencies; and
- (d) Further to request the implementing agencies to explore the feasibility of including the rapidity of financial completion of projects as an indicator.

(Decision 40/15)

(j) Phase-out from cancelled projects (Decision 39/13)

55. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 45 to 47), the Executive Committee decided:

- (a) To take note of the document on phase-out from cancelled projects (UNEP/OzL.Pro/ExCom/40/22);
- (b) To request that reasons for project cancellation be specified by the implementing agencies and taken into account by the Executive Committee in its decisions on project cancellation;
- (c) That projects cancelled due to the non-provision by the beneficiary of its non-incremental counterpart contributions may be resubmitted on a case-by-case basis;
- (d) To consider, on a case-by-case basis, the resubmission of cancelled projects in cases where their completion enables compliance with control measures, provided that the enterprise is determined to be financially viable and, preferably, that the implementation timeframe is accelerated; and
- (e) That enterprises with cancelled projects eligible for resubmission pursuant to Decision 29/8 may be allowed to submit a request to reinstate the cancelled projects with the incremental costs adjusted by the amount of funds disbursed on the cancelled projects, and the level of phase-out based on the original approval as modified by Decision 39/13(b).

(Decision 40/16)

(k) Project implementation delays

56. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 49), the Executive Committee decided:

- (a) To take note of the document on project implementation delays (UNEP/OzL.Pro/ExCom/40/23);
- (b) To note with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, Germany and the four implementing agencies;
- (c) Also to note that the Secretariat and implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress, and report to and notify governments as required;
- (d) To take note of the information given by UNEP that the project on adapting existing audiovisual material to promote control of illegal trade in ODS had been completed (GLO/SEV/30/TAS/208);
- (e) To assign the assessment of no progress for the following projects and note that the Secretariat would take the established actions:
 - (i) request the World Bank to complete the Auction programme in Chile (CHI/MUS/26/INV/37) for the remaining enterprise and invite UNDP to submit a terminal commercial/domestic refrigeration project for Chile in 2004, noting that the RMP approval for Chile should result in the phase-out of 186 ODP tonnes;
 - (ii) Army Company component of the 11-enterprise foam project in Egypt (EGY/FOA/22/INV/64), implemented by UNDP, with a milestone of stopping CFC use by December 2003; and
 - (iii) Kolinton refrigeration project in Nigeria (NIR/REF/26/INV/44), implemented by UNIDO, with a milestone of commissioning the equipment by 31 July 2003;
- (f) To defer any decision on cancellation of the following two projects until the 41st Meeting:
 - (i) Salidor foam project in Morocco (MOR/FOA/23/INV/13), implemented by UNDP;
 - (ii) Bonbino foam project in Morocco (MOR/FOA/25/INV/22), implemented by UNDP;

- (g) To request the Secretariat to visit the LCD foam projects in Morocco as part of its visits to LCD projects mandated by Decision 39/52 and to report on its findings to the 41st Meeting;
- (h) To cancel the following projects by mutual agreement;
 - (i) Handan Huisheng foam project in China (CPR/FOA/29/INV/323), implemented by the World Bank, noting that none of the US \$522,207 (plus US \$67,443 support costs) approved for the project had been disbursed and no ODS had been phased out;
 - (ii) Nobough foam project in the Islamic Republic of Iran (IRA/FOA/32/INV/75), implemented by UNDP, noting that US \$179,055 (plus US \$23,277 support costs) of the US \$248,736 (plus US \$32,336 support costs) approved for the project had been disbursed and that 32 ODP tonnes had been phased out; and
 - (iii) Friobox foam project in Venezuela (VEN/FOA/31/INV/83), implemented by UNIDO, noting that US \$8,815 (plus US \$1,146 support costs) of the US \$128,387 (plus US \$16,690 support costs) approved for the project had been disbursed and 1.1 ODP tonnes had been phased out;
- (i) Also to cancel the following project preparation activities implemented by UNIDO:
 - (i) for aerosol projects in Algeria (ALG/ARS/36/PRP/52), noting that no funds had been disbursed;
 - (ii) for CTC solvent sector projects in Brazil (BRA/SOL/33/PRP/205), noting that US \$3,183 (plus US \$414 support costs) of the US \$30,000 (plus US \$3,900 support costs) approved for the activity had been disbursed;
 - (iii) for soil fumigation projects in the Islamic Republic of Iran (IRA/FUM/33/PRP/78), noting that US \$5,147 (plus US \$669 support costs) of the US \$25,000 (plus US \$3,250 support costs) approved for the activity had been disbursed;
 - (iv) for commercial refrigeration projects in Lebanon (LEB/REF/36/PRP/47), noting that no funds had been disbursed;
 - (v) for commercial refrigeration projects in the Libyan Arab Jamahiriya (LIB/REF/33/PRP/11), noting that no funds had been disbursed;
 - (vi) for solvent sector projects in Mexico (MEX/SOL/36/PRP/108), noting that no funds had been disbursed; and
 - (vii) for a terminal commercial refrigeration project in Yemen (YEM/REF/36/PRP/14), noting that US \$7,639 (plus US \$993 support

costs) of the US \$10,000 (plus US \$1,300 support costs) approved for the activity had been disbursed;

- (j) To cancel the Adzen refrigeration project in Argentina (ARG/REF/19/INV/43) by mutual agreement between the World Bank and the Argentine Government, noting that none of the US \$356,970 (plus US \$46,406 support costs) approved for the project had been disbursed and no ODS had been phased out;
- (k) To set the milestone of 31 January 2004 as the deadline for the relocation of the enterprise for the Chandra refrigeration project in India (IND/REF/19/INV/92), implemented by the World Bank; and
- (l) To set the milestone of signature of the UNDP project document by the 42nd Meeting for the conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam project at Quimica Andina in Bolivia (BOL/FOA/28/INV/10), implemented by Belgium.

(Decision 40/17)

(l) Project balances

57. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraph 51), the Executive Committee decided:

- (a) To take note of the report on project balances contained in UNEP/OzL.Pro/ExCom/40/24 and Corr.1;
- (b) To note that, during 2003, the agencies had the following reduced balances for projects completed up to the end of May 2002: UNDP from US \$4,774,693 to US \$2,420,094, UNEP from US \$377,865 to US \$0, UNIDO from US \$2,951,018 to US \$1,214,338 and the World Bank from US \$5,931,118 to US \$1,026,054;
- (c) Also to note that the Government of Canada had returned US \$2,600 to the Treasurer in respect of refrigeration project preparation in Cuba (CUB/REF/25/PRP/09);
- (d) To request that the data concerning the refrigeration project at Hitachi Consumer Products Co. Ltd. in Thailand (THA/REF/10/INV/20) be addressed in the annual reconciliation of accounts to be presented to the 41st Meeting of the Executive Committee;
- (e) To note with appreciation the letters from the Administrator of UNDP and the Director-General of UNIDO regarding non-reimbursed balances for projects completed two years previously;

- (f) To request the Government of Jordan to resolve the issue concerning the audit bureau, and request the World Bank to financially complete the Fathai Abu Araj foam project in Jordan (JOR/FOA/23/INV/37) as approved and return the US \$7,000 plus agency fees identified by the audit bureau for the training component of the project;
- (g) To note with concern that disbursements reported to the 38th Meeting were inaccurate, and request UNDP, UNEP, and the World Bank to ensure that future reports on balances are accurate, comply with Executive Committee financial reporting decisions, and distinguish disbursements from obligated and un-obligated balances;
- (h) Also to note the levels of funds being returned to the 40th Meeting totalling US \$2,389,992, plus support costs of US \$524,214, as follows by agency: US \$1,408,378 from UNDP and agency support costs of US \$181,335, including reimbursement of funds previously returned in error for two projects by UNDP; US \$1,265,686 from UNEP and agency support costs of US \$105,255; US \$221,769 from UNIDO and agency support costs of US \$28,828; and the return of US \$505,841 to the World Bank, as well as the return by the World Bank of agency support costs of US \$208,796, including the reimbursement of funds returned in error by the World Bank for two projects and reimbursement of financial intermediary fees for cancelled projects; and
- (i) Further to note that the following implementing agencies had balances totalling US \$930,834, excluding support costs, from projects completed over two years previously: UNDP (US \$527,816 plus support costs); and the World Bank (US \$403,018 plus support costs).

(Decision 40/18)

(m) Report on the status of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol

58. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/40/7, paragraphs 52 and 53), the Executive Committee decided:

- (a) To take note of the report on the status of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol, as contained in UNEP/OzL.Pro/ExCom/40/25/Rev.1, which also included data on the implementation of country programmes in Part II;
- (b) To urge implementing and bilateral agencies, as well as the relevant Article 5 countries, to adhere to the timely implementation of the 2003 business plans;
- (c) To note with appreciation that 2002 data reported to the Fund Secretariat were below the CFC freeze baseline levels for the following countries found to be in

non-compliance by the Fourteenth Meeting of the Parties: Bangladesh, Belize, Bolivia, Cameroon, Ethiopia, Namibia, Nepal and Nigeria, and that the assessment of compliance by the Implementation Committee would be based on data reporting for the control period, which, for 2002, was 1.5 years;

- (d) To request the implementing and bilateral agencies, in particular UNEP, to assist countries identified in the status report as consuming small amounts of methyl bromide, CTC and TCA but not included in any of the agencies' three-year business plans for the triennium, to determine the proportion of such consumption that is eligible for phase-out; and
- (e) Also to request bilateral and implementing agencies to include activities, after verifying eligible consumption, in their 2004/2005 business plans for the following countries:

Algeria (CTC/TCA), Bahamas (CTC), Bahrain (methyl bromide, CTC), Burundi (TCA), Croatia (CTC), Cuba (CTC), Ecuador (CTC/TCA), Fiji (methyl bromide), Haiti (halon, TCA), Indonesia (CTC), Mexico (CTC), Morocco (halon, CTC), Nigeria (TCA), Paraguay (methyl bromide/CTC), Peru (CTC), Sudan (CTC), Tunisia (CTC), Uganda (CTC, TCA), Uruguay (CTC), Yemen (TCA), Zambia (CTC), and Zimbabwe (CTC/TCA).

(Decision 40/19)

AGENDA ITEM 9: REPORT OF THE 29TH MEETING OF THE SUB-COMMITTEE ON PROJECT REVIEW

59. The representative of France, Chair of the Sub-Committee on Project Review (composed of Bolivia, Burundi, France, India, Japan, Saint Lucia, and the United States of America) introduced the report of the Sub-Committee on its 29th Meeting, held in Montreal on 14 and 15 July 2003.

(a) Issues identified during project review

Contribution of non-investment projects to ensuring compliance

60. Having noted paragraphs 4 to 11 of the overview paper (UNEP/OzL.Pro/ExCom/40/27), as well as the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 13 and 14), the Executive Committee decided to set up an open-ended working group to discuss, in the margins of the 41st Meeting of the Executive Committee, ways to reorient the approach to RMPs to better facilitate compliance, with members chosen from both the Sub-Committee on Project Review and the Sub-Committee on Monitoring, Evaluation and Finance as well as representatives of the implementing agencies.

(Decision 40/20)

Conversion of RMP updates into terminal phase-out management plans

61. Having noted paragraphs 12 to 15 of the overview paper (UNEP/OzL.Pro/ExCom/40/27), as well as the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 15 and 16), the Executive Committee decided:

- (a) To urge low-volume-consuming countries to consider carefully whether it was in their interests at this stage to request final funding to achieve total phase-out of CFCs;
- (b) To request implementing and bilateral agencies to give priority to assisting countries with implementation of the approved refrigeration management plan to meet their 2005 and 2007 CFC control targets;
- (c) To urge all Article 5 Parties concerned to ensure that all the provisions of Decision 38/64 were applied before submitting projects for terminal phase-out management plans; and that the acceleration of phase-out implied by the terminal phase-out management plan had met the criteria established by the Executive Committee for prioritizing accelerated phase-out; and
- (d) To give urgent consideration to the adoption of criteria for project funding to accelerate phase-out and/or to maintain momentum.

(Decision 40/21)

Monitoring/sustainability of implementation

62. Having noted paragraph 16 of the overview paper (UNEP/OzL.Pro/ExCom/40/27), as well as the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 17 and 18), the Executive Committee decided to request implementing and bilateral agencies to indicate qualitatively in all relevant reports, especially those related to tranches of funding, the extent to which reductions in phase-out had been influenced by factors external to the project in the country concerned.

(Decision 40/22)

Projects not submitted to the 40th Meeting

63. Having noted paragraphs 25 to 27 of the overview paper (UNEP/OzL.Pro/ExCom/40/27 and Add.1), as well as the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 20 and 21), the Executive Committee decided to request the Government of Cuba and UNDP, in consultation with the Secretariat, to make the necessary arrangements in order to be able to submit the project for the phase-out of CFC consumption in the manufacture of aerosol metered-dose inhalers (MDIs) to the 41st Meeting of the Executive Committee, consistent with the existing guidelines and policies of the Multilateral Fund.

(Decision 40/23)

(b) Bilateral cooperation

64. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 27), the Executive Committee decided:

- (a) To approve the requests for bilateral cooperation contained in document UNEP/OzL.Pro/ExCom/40/28 at the level of funding indicated in Annex III to the present report with the exception of the project on phase-out of the use of methyl bromide in grain storage in Indonesia, submitted by Canada, which had been deferred; and
- (b) To request the Treasurer to offset the costs of the bilateral projects, as follows:
 - (i) US \$47,016 against the balance of Germany's bilateral contributions for 2003; and
 - (ii) US \$73,450 against the balance of Sweden's bilateral contributions for 2003.

(Decision 40/24)

(c) Work programme amendments:

(i) UNDP

65. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 32), the Executive Committee decided to approve UNDP's 2003 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/40/29, at the level of funding indicated in Annex III to the present report, with the exception of the projects indicated below, which were considered separately.

(Decision 40/25)

Burundi: Project preparation of RMP update

Panama: Project preparation of RMP update

66. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 33), the Executive Committee decided to approve the above project proposals at the level of funding indicated in Annex III to the present report.

(Decision 40/26)

Cuba (phase IV): Renewal of institutional strengthening

Nigeria (phase III): Renewal of institutional strengthening

67. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 34), the Executive Committee decided to approve the above project proposals at the level of funding indicated in Annex III to the present report and to express to the Governments concerned its observations indicated in Annex IV to the present report.

(Decision 40/27)

(ii) UNEP

68. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 36), the Executive Committee decided to approve UNEP's 2003 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/40/30, at the level of funding indicated in Annex III to the present report, with the exception of the projects indicated below, which were considered separately.

(Decision 40/28)

Benin (phase IV): Renewal of institutional strengthening

Honduras (phase III): Renewal of institutional strengthening

Jamaica (phase IV): Renewal of institutional strengthening

Viet Nam (phase IV): Renewal of institutional strengthening

69. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 37), the Executive Committee decided to approve the above project proposals at the level of funding indicated in Annex III to the present report and to express to the Governments concerned its observations indicated in Annex IV to the present report.

(Decision 40/29)

Belize (phase II): Renewal of institutional strengthening

70. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 38 and 39), the Executive Committee decided to approve the project proposal at the level of funding indicated in Annex III to the present report, on the understanding that the approval was without prejudice to the Montreal Protocol's mechanism dealing with non-compliance and to express to the Government of Belize its observations contained in Annex IV to the present report.

(Decision 40/30)

Bolivia (phase IV): Renewal of institutional strengthening

71. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 40 and 41), the Executive Committee decided to approve the project proposal at a level of US \$100,000, representing a one-time addition of US \$21,133 to the established funding level of US \$78,867, on an exceptional basis, taking into consideration the circumstances facing the National Ozone Unit in Bolivia as a result of the total destruction of its offices in a fire in February 2003, on the understanding that the approval was without prejudice to the Montreal Protocol's mechanism dealing with non-compliance, and to express to the Government of Bolivia its observations contained in Annex IV to the present report.

(Decision 40/31)

(iii) UNIDO

72. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 43), the Executive Committee decided to approve UNIDO's 2003 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/40/31, at the level of funding indicated in Annex III to the present report, with the exception of the projects indicated below, which were considered separately.

(Decision 40/32)

Egypt (phase V): Renewal of institutional strengthening

73. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 44), the Executive Committee decided to approve the above project proposal at the level of funding indicated in Annex III to the present report and to express to the Government of Egypt its observations indicated in Annex IV to the present report.

(Decision 40/33)

Serbia and Montenegro: Refrigerant management plan: customs training and institutional framework

74. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 46), the Executive Committee decided to defer the project proposal on customs training and institutional framework until it was presented within the national CFC phase-out plan.

(Decision 40/34)

75. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 47), the Executive Committee decided to require from Parties an official commitment in writing to ratify the London Amendment to the Montreal Protocol before funding could be approved for their projects.

(Decision 40/35)

(iv) World Bank

76. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 49), the Executive Committee decided to approve the World Bank's 2003 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/40/32, at the level of funding indicated in Annex III to the present report, with the exception of the projects indicated below, which were considered separately.

(Decision 40/36)

Jordan (phase V): Renewal of institutional strengthening
Thailand (phase III) : Renewal of institutional strengthening

77. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 50), the Executive Committee decided to approve the above project proposals at the level of funding indicated in Annex III to the present report and to express to the Governments concerned its observations indicated in Annex IV to the present report.

(Decision 40/37)

Oman: Project preparation funds for a halon management plan

78. Having considered the comments of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 51 and 52), the Executive Committee noted that the halon management plan project in Oman would be implemented by the World Bank and would remain in the Bank's 2003 business plan.

(d) Investment projects

Projects recommended for blanket approval

79. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 54), the Executive Committee decided to approve the projects submitted for blanket approval contained in document UNEP/OzL.Pro/ExCom/SCPR/29/2, at the level of funding indicated in Annex III to the present report, with the conditions included in the corresponding Project Evaluation Sheets, where applicable with the exception of the projects indicated below, which were considered separately.

(Decision 40/38)

Mexico: Sterilization group project to replace CFC-12 technology-based sterilization equipment by alternative technologies in the hospital medical sterilization sector (World Bank) (UNEP/OzL.Pro/ExCom/40/41)

80. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 55 and 56), the Executive Committee decided to approve the project at the level of funding indicated in Annex III to the present report, on the understanding that this would represent the total CFC phase-out in the sterilants sector.

(Decision 40/39)

Pakistan: Conversion of cleaning installations from carbon tetrachloride (CTC), methyl chloroform (MCF) and CFC-113 to tetrachloroethylene (PER) and water in combination with process modification at Breeze Frost Industries Ltd., Lahore (UNIDO) (UNEP/OzL.Pro/ExCom/40/42)

Pakistan: Conversion of cleaning installations from carbon tetrachloride (CTC) and methyl chloroform (MCF) to tetrachloroethylene (PER) and water in combination with partial process modification at Hirra Farooq Ltd., Lahore (UNIDO) (UNEP/OzL.Pro/ExCom/40/42)

81. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 57), the Executive Committee decided to approve the above project proposals at the level of funding indicated in Annex III to the present report, on the understanding that proposals to phase out the remaining consumption in the solvent sector would be presented as a sector phase-out plan.

(Decision 40/40)

82. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 58), the Executive Committee decided that countries should be requested, insofar as possible, to refrain from submitting further individual investment projects and should in future submit phase-out plans for the entire sector.

(Decision 40/41)

Projects for individual consideration

Fumigants

Argentina: Methyl bromide phase-out in tobacco and non-protected vegetable seedbeds (third tranche) (UNDP) (UNEP/OzL.Pro/ExCom/40/33)

83. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 60), the Executive Committee decided to approve the above project proposal at the level of funding indicated in Annex III to the present report and to request UNDP and Argentina to explore the possibility of expediting the project.

(Decision 40/42)

Malawi: Phase-out of all non-essential and non-QPS methyl bromide (third tranche) (UNDP) (UNEP/OzL.Pro/ExCom/40/39 and Add.1)

84. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 61 and 62), the Executive Committee decided to approve the above project proposal at the level of funding indicated in Annex III to the present report and to request UNDP to present a further report on the implementation of the project at the 41st Meeting.

(Decision 40/43)

Refrigeration

Congo: Refrigerant management plan: incentive programme for the commercial and industrial end-user refrigeration sector (UNDP) (UNEP/OzL.Pro/ExCom/40/35)

85. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 63 to 65), the Executive Committee decided to defer consideration of the project and to request UNDP to present additional information to the 41st Meeting to allow evaluation of the project at that time.

(Decision 40/44)

Democratic People's Republic of Korea: Refrigerant management plan (UNIDO / UNEP) (UNEP/OzL.Pro/ExCom/40/38 and Add.1)

Democratic People's Republic of Korea: Sectoral phase-out in domestic refrigeration sector by conversion of refrigeration and compressor manufacture at 5th October Electronic and Automation Company (UNIDO) (UNEP/OzL.Pro/ExCom/40/38 and Add.1)

86. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 67 to 70), the Executive Committee decided:

- (a) To approve in principle US \$1,365,011 (excluding agency support costs) as the total funding available for the implementation of the phase-out in domestic and commercial refrigeration manufacturing by conversion of refrigeration and compressor manufacture at 5th October Electronics and Automation Complex;
- (b) Also to approve US \$384,000 (excluding agency support costs) as the first tranche for implementation of the project in paragraph (a) above, on the understanding that:
 - (i) UNIDO would make every effort to complete the project by 1 January 2005; and
 - (ii) UNIDO would include the balance of funding of US \$981,011 in its draft 2004 business plan and request approval of this funding at the 42nd Meeting of the Executive Committee;
- (c) Further to approve US \$230,000 (excluding agency support costs) for the following activities related to the refrigeration servicing sector in the Democratic People's Republic of Korea:
 - (i) assistance for development of a licensing system and training of customs officers (US \$50,000) for UNEP;
 - (ii) training of refrigeration service technicians in good servicing practices, (US \$70,000) for UNEP;
 - (iii) provision of basic tools for the registered service workshops, (US \$100,000) for UNIDO; and
 - (iv) monitoring the activities in the refrigeration servicing sector (US \$10,000) for UNEP;
- (d) To stipulate that the approvals in subparagraphs (a) to (c) above were to be subject to the following conditions:

- (i) the Democratic People's Republic of Korea would achieve at least the 2005 Montreal Protocol CFC reduction target without further assistance from the Fund; and
- (ii) in 2006, the Government of the Democratic People's Republic of Korea would submit a comprehensive report on the activities undertaken and results achieved, including the amount of CFC permanently phased out. The report would be reviewed by the Secretariat before submission to the Executive Committee. The Government of the Democratic People's Republic of Korea could then be advised through the relevant implementing agency to prepare and submit Phase II of the project to achieve complete CFC phase-out in the servicing sector. The activities in Phase II best suited to the circumstances and needs of the country would be identified at that time.

(Decision 40/45)

Phase-out plans

Trinidad and Tobago: Terminal phase-out management plan for CFCs (first tranche)
(UNDP) (UNEP/OzL.Pro/ExCom/40/44)

87. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 71 and 72), the Executive Committee agreed to discuss the above project under agenda item 14 – Other matters.

Solvents

China: ODS phase-out in solvent sector: 2003 annual implementation programme
(UNDP) (UNEP/OzL.Pro/ExCom/40/34 and Corr.1)

88. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 74 and 75), the Executive Committee decided:

- (a) To approve funding of US \$5,755,000 plus support costs of US \$431,625 for the proposed 2003 annual implementation programme of the solvent sector plan for China;
- (b) To agree to the retention of UNDP as implementing agency for the remaining duration of the project, with support costs of 7.5 per cent; and
- (c) To request the Government of China to return the funding of US \$2 million reallocated pursuant to Decision 33/46 for uses as originally approved in the solvent sector plan.

(Decision 40/46)

India: CTC phase-out plan for the consumption sector (first tranche) (World Bank) (UNEP/OzL.Pro/ExCom/40/36)

89. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 76 and 77), the Executive Committee decided to refer the consumption part of the CTC phase-out plan to the Subgroup on the Production Sector for consideration as a package together with the CTC production sector phase-out.

(Decision 40/47)

India: Conversion of CFC-113 as cleaning solvent to TCE at Bharat Electronics Limited (BEL), Bangalore (UNIDO) (UNEP/OzL.Pro/ExCom/40/36)

90. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 78 and 79), the Executive Committee decided to approve the above project at the level of funding indicated in Annex III to the present report, on the understanding that India would not seek any further funding for phase-out of CFC-113.

(Decision 40/48)

Democratic People's Republic of Korea: Plan for phase-out of CTC in the cleaning solvent sub-sector (UNIDO) (UNEP/OzL.Pro/ExCom/40/38)

91. The Executive Committee noted that the project had been deferred.

(e) Report from UNEP on the use of programme support cost (Decision 35/36)

92. The Executive Committee, having noted the recommendation by the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraph 84), decided to defer the consideration of this matter to the 41st Meeting of the Executive Committee.

(Decision 40/49)

93. The representative of Japan noted that in order to avoid instability in the planning of Compliance Assistance Programme (CAP) activities and in the level of staff resources, the Executive Committee had adopted a unified budget for CAP to enable the establishment of a core staff in the permanent structure of UNEP as well as the internalisation of programme support costs in a unified budget, thus establishing an administrative budget. In this regard, it was difficult to understand why UNEP needed further changes in its unified budget and had reintroduced the support costs concept, and therefore, she could not agree to offering to UNEP the agency support cost system being applied to UNIDO, World Bank and UNDP. Instead UNEP was urged to make the best use of its unified budget and to make more accurate cost estimates for the provision of its administrative budget.

(f) A system for monitoring the implementation of the agreement on the phase-out of CTC and process agents in China (Decision 39/46(c))

94. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/40/26, paragraphs 85 and 86), the Executive Committee decided to request the World Bank to complete the report and submit it to the 41st Meeting of the Executive Committee.

(Decision 40/50)

AGENDA ITEM 10: COUNTRY PROGRAMME UPDATE

Democratic People's Republic of Korea

95. The representative of the Secretariat introduced the country programme update for the Democratic People's Republic of Korea contained in document UNEP/OzL.Pro/ExCom/40/47, noting that there appeared to be several discrepancies in the data submitted. Although the discrepancies had been clarified with respect to the CFC data, that had not been the case with the CTC data.

96. The Executive Committee decided:

- (a) To note the proposed country programme update for the Democratic People's Republic of Korea submitted by UNEP (UNEP/OzL.Pro/ExCom/40/47); and
- (b) To request UNEP and UNIDO to address the issues raised by the Fund Secretariat regarding CTC data discrepancies, to revise the country programme update document accordingly and to resubmit it, using the format approved in Decision 35/58, to a future meeting of the Executive Committee.

(Decision 40/51)

AGENDA ITEM 11: WORK OF THE SUB-COMMITTEES ON MONITORING, EVALUATION AND FINANCE AND PROJECT REVIEW (DECISION 39/2)

97. The Chief Officer drew attention to document UNEP/OzL.Pro/ExCom/40/48, which described the way in which the Executive Committee currently operated, as well as the present distribution of work among the Executive Committee and the two Sub-Committees. It also described developments and trends in the work of the Executive Committee and proposed some possible ways of reorganizing the work of the Executive Committee and the two Sub-Committees.

98. Representatives welcomed the document, and in particular its suggestions for future reorganization. One representative suggested that both Sub-Committees should be open to members of the Executive Committee and that appropriate financial resources should be made

available to small delegations for travel assistance as necessary. A number of representatives suggested that reorganization of the work might mean that the Executive Committee need only meet twice a year. Others cautioned that it was not yet possible to predict how the workload might change, with decreasing numbers of individual projects to approve and increasing numbers of sectoral and national plans to monitor, and suggested that whatever new organization of work was selected should be adopted on a trial basis for one year, starting in 2004. After that, it might be possible to consider changing the number of meetings per year.

99. One representative suggested that it might now be time to abolish both Sub-Committees, allowing more in-depth discussion of the issues within the Executive Committee as a whole, with some matters being initially addressed by small informal groups. It was stressed that if the Sub-Committees were retained, there would be a need to ensure balance in their workload and to avoid duplication of work.

100. There was broad consensus that the progress reports of the implementing agencies should remain the responsibility of a Sub-Committee.

101. Following the discussion, the Executive Committee decided:

- (a) That the financial plan of the Fund, three-year and annual business plans, and major problems affecting compliance, should be addressed by the full Executive Committee;
- (b) That issues such as return of balances from cancelled or completed projects, and such other routine activities as the Executive Committee might decide, should be handled administratively between the Secretariat and responsible implementing agencies with appropriate reports, including audited financial reports, to the Executive Committee; and
- (c) To request the Secretariat to prepare a document for consideration at the 41st Meeting further exploring the options for restructuring its work and that of its Sub-Committees, and in particular examining the issues involved in retaining the two Sub-Committees but with revised terms of reference or functions.

(Decision 40/52)

**AGENDA ITEM 12: INFORMATION STRATEGY OF THE MULTILATERAL FUND:
WORK PLAN WITH TIME FRAMEWORK AND COST ESTIMATES
(DECISION 39/55)**

102. The representative of the Secretariat introduced the paper on the information strategy for the Multilateral Fund (UNEP/OzL.Pro/ExCom/40/49), prepared in response to Decision 39/55 which requested the Secretariat to submit a work plan together with a time frame and cost estimates to the Executive Committee at its 40th Meeting. She noted that some of the reported activities were ongoing and consisted of mission travel to meet government officials,

participation in networks, the distribution of press releases, and the circulation of a post-meeting document to network coordinators and Executive Committee meeting participants.

103. She explained that it was planned to expand the web site and establish a secure intranet/extranet which would serve as a communication platform for the Executive Committee, the Secretariat, the implementing agencies and countries involved in bilateral cooperation. She noted that the target launch date for both was November 2003.

104. In response to questions about the nature of the documents being made available on the web sites, the representative of the Secretariat noted that due to the different formatting used for older documents it was sometimes difficult to make them available on a web site. She stated that as a matter of priority the Secretariat would focus on certain key documents, as well as recent documents, bearing in mind the need to create as comprehensive a collection of documents as possible.

105. Following a discussion, the Executive Committee approved US \$104,750 to develop the information strategy, as set out in Table 3 of document UNEP/OzL.Pro/ExCom/40/49.

(Decision 40/53)

AGENDA ITEM 13: PRODUCTION SECTOR

106. The facilitator of the Subgroup on the Production Sector presented the report of the Subgroup and introduced two informal papers containing recommendations to the Executive Committee on CTC production and phase-out in India and on CFC production in Mexico. The Subgroup, had met four times during the 40th Meeting of the Executive Committee, and had received clarification from the consultant who had conducted the technical audit and from the implementing agencies involved in the projects.

107. After hearing the Subgroup's recommendation that the Executive Committee approve total funding of US \$52 million to support the implementation of the India CTC phase-out plan for both the consumption and production sector, as well as the agreement with Mexico for a total of US \$31.85 million in funding for the closure of the entire CFC production capacity in Mexico, contained in Annex V to the present report, the Executive Committee decided:

- (a) To approve, in principle, the total funding of US \$52 million to support the implementation of the India CTC phase-out plan for both the consumption and production sectors. This was the total funding that would be made available to India from the Multilateral Fund for the total elimination of the CTC production and consumption controlled by the Montreal Protocol, and it was mutually agreed that no additional Multilateral Fund resources would be forthcoming for any additional activities related to phase-out of consumption and production of CTC in India;
- (b) To provide the agreed level of funding in instalments with the understanding that US \$30 million would be paid out during the 2003 – 2005 triennium, and the balance would be released during the next triennium;

- (c) To release the first tranche of US \$5 million and associated agency support costs at the 40th Meeting of the Executive Committee in order to enable India to proceed with implementation of its CTC phase-out plan with the understanding that priority of funding would be given to the consumption sector;
- (d) To provide India with maximum flexibility in using the agreed funds to meet the production and consumption targets set forth in the project documents submitted to the 40th Meeting of the Executive Committee and the report required in subparagraph (f) below;
- (e) To request the Government of India, together with the bilateral donors Japan, Germany, and France, the World Bank as the lead implementing agency, and in consultation with the Secretariat as well as cooperating agencies, namely UNIDO and UNEP, to prepare a detailed agreement for the implementation of this CTC phase-out plan and a 2004 annual work programme for consideration at the 41st Meeting of the Executive Committee;
- (f) Also, to request India and the World Bank to provide a report addressing the discrepancy related to the level of CTC imports to the 41st Meeting of the Executive Committee. In that regard, if it was found that the actual import of CTC in 2001 was over 10 per cent lower than the 24,661 MT figure as reported in the project documents, the US \$52 million referred to in subparagraph (a) would be reduced by a sum equivalent to the difference of tonnes between the 24,661 MT figure and the actual import figure on the basis of US \$2,000 per tonne;
- (g) To take note of the fact that India considered the use of CTC in the production of DV acid chloride to be a feedstock use. If either India or the Parties ever reclassified that use or any other feedstock use to a controlled status, India agreed that it would phase out that use with no compensation from the Fund; and
- (h) To approve the Agreement for the Mexican CFC Production Sector, as contained in Annex V to the present report.

(Decision 40/54)

AGENDA ITEM 14: OTHER MATTERS

Trinidad and Tobago: Terminal phase-out management plan for CFCs (first tranche)
UNEP/OzL.Pro/ExCom/40/44

108. The Executive Committee took up the terminal phase-out management plan for CFCs in Trinidad and Tobago, (UNEP/OzL.Pro/ExCom/40/44). The representative of the Secretariat reported that the project had been submitted on the basis of Decision 38/64 related to requests for funding of terminal phase-out management plans for LVC countries. With regard to the criteria adopted by the Executive Committee for project funding to accelerate phase-out, he pointed out that Trinidad and Tobago was a LVC country that had received funding for a refrigerant

management plan (RMP) and for the preparation of a RMP update pursuant to Decisions 31/48 and 33/13. He also indicated that the terminal plan had been prepared with funding approved for the preparation of an RMP update and that the residual consumption in the country to be phased out was 77 ODP tonnes, less than the baseline of 120 tonnes. In conclusion, he said that the cost-effectiveness of the project was US \$5.97 per kilogramme.

109. After a discussion in which concerns were expressed about the advisability of making exceptions to the recently adopted criteria for project funding to accelerate phase-out, the Executive Committee decided to approve the terminal phase-out management plan for CFCs (first tranche) for Trinidad and Tobago, at a level of funding indicated in Annex III to the present report and in accordance with the Agreement between the Government of Trinidad and Tobago and the Executive Committee contained in Annex VI to the present report.

(Decision 40/55)

Study to evaluate the Financial Mechanism of the Multilateral Fund

110. The representative of France proposed that the Executive Committee provisionally set aside US \$500,000 from the amounts returned by the implementing agencies at the 40th Meeting of the Executive Committee until the 15th Meeting of the Parties decided how to fund a study of the financial mechanism of the Multilateral Fund.

111. The Executive Secretary of the Ozone Secretariat reported that Decision VI/6 had provided for the Ozone Secretariat to fund the first such study and that a similar proposal would be considered at the next Meeting of the Parties.

112. After a discussion, the Executive Committee decided:

- (a) To note the comments of the Executive Secretary of the Ozone Secretariat; and
- (b) To set aside US \$500,000 from the funds returned by the implementing agencies at the 40th Meeting of the Executive Committee pending a decision by the 15th Meeting of the Parties on how to fund a study to evaluate the financial mechanism of the Multilateral Fund.

(Decision 40/56)

Retirement of Dr. Omar El-Arini and vote of thanks

113. The Chief Officer informed the Chairman that he would write a report on his tenure prior to his departure, and submit it to the Chairman.

114. He described the Multilateral Fund as a magnificent financial mechanism that had worked extremely well. Its history could be seen in terms of five phases. The first had been from its start in 1991 to the review of the effectiveness of the financial mechanism in 1995. That phase had seen the articulation of the policies and procedures for the Fund's operations. The second phase had been from 1995 to the 1999 freeze in the production and consumption of

CFCs, during which there had been an astonishing rise in the number of projects approved. That phase had also seen the first business planning by the Fund. The third phase had extended until the end of the grace period. The fourth phase had been one of strategic planning, culminating in 2000 in the finalization of the three-year plan which the implementing agencies were now using to prepare their business plans.

115. The fifth phase, now starting, would see the work of the Executive Committee coming closer to that of the Implementation Committee. There would be a need to seek ways and means to enrich that cooperation and make it fruitful for the Montreal Protocol. A culture predicated on approval of projects would change to a culture of monitoring the implementation of what been approved.

116. Following the words of the Chief Officer, statements of appreciation were made by the representative of Canada as the host country, the representatives of Bolivia, Burundi, Jordan, Mauritius and Saint Lucia on behalf of Article 5 countries and their respective regional groups, the United States of America on behalf of non-Article 5 countries, Austria on behalf of European countries, UNIDO on behalf of the implementing agencies, and the statement by a representative of the Secretariat on behalf of Secretariat staff (Annex VII), the Executive Committee decided:

- (a) To express deep gratitude to Dr. Omar El-Arini for his outstanding contribution to the development and management of the Multilateral Fund Secretariat, as well as his excellent assistance to the Executive Committee in the formulation of Fund policies, planning, management and evaluation;
- (b) In view of his remarkable contribution to the work of the Multilateral Fund over an extended period from its inception, to grant the title of “Honorary Chief Officer” to Dr. Omar El-Arini, which he might use in his post-career life after his retirement;
- (c) To note the Executive Committee’s own intention to continue to benefit from Dr. Omar El-Arini’s experience and knowledge for its work as appropriate; and
- (d) To convey the Executive Committee’s best wishes to the Chief Officer for the future.

(Decision 40/57)

117. The Chief Officer, Dr. Omar El-Arini, responded to the best wishes expressed by the various delegates with the statement included in Annex VII.

Tribute to Ms. Seniz H. Yalcindag

118. Following the adoption of the report, it was announced that Ms. Seniz H. Yalcindag, the Director of the Montreal Protocol Branch of UNIDO, was retiring at the end of the 40th Meeting of the Executive Committee. On behalf of the members of the Executive Committee, the Chair extended heartfelt appreciation for Ms. Yalcindag’s work and wished her continued success and happiness following her retirement.

119. Ms. Yalcindag acknowledged the kind sentiments expressed, thanked her colleagues within UNIDO and at the Multilateral Fund Secretariat for their support, and said that she felt privileged to have worked for the Montreal Protocol, which she considered a global collective initiative that set an example for the entire world.

Dates and place of the 41st Meeting of the Executive Committee

120. The Executive Committee decided that the 41st Meeting of the Executive Committee would be held in Montreal from 17 to 19 December 2003, to be preceded by meetings of the Sub-Committee on Monitoring, Evaluation and Finance and the Sub-Committee on Project Review, to be held at the same venue on 15 and 16 December 2003.

(Decision 40/58)

AGENDA ITEM 15: ADOPTION OF THE REPORT

121. The Executive Committee adopted its report on Friday, 18 July 2003, on the basis of the draft reports contained in documents UNEP/OzL.Pro/ExCom/40/L.1 and Add.1.

AGENDA ITEM 16: CLOSURE OF THE MEETING

122. The Chair declared the meeting closed at 3:40 p.m. on Friday, 18 July 2003.

Annex I**TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL
PROTOCOL**

STATUS OF THE FUND (IN US DOLLARS)

As at 11 July 2003

INCOME		
Contributions received:		
- Cash payments including note encashments		1,345,907,415
- Promissory notes held		93,552,874
- Bilateral cooperation		64,801,760
- Interest earned		132,970,146
- Miscellaneous income		5,433,349
Total Income		1,642,665,544
ALLOCATIONS AND PROVISIONS		
- UNDP	408,976,202	
- UNEP	74,071,188	
- UNIDO	319,207,257	
- World Bank	621,408,982	
Less Adjustments	-	
Total allocations to implementing agencies		1,423,663,629
Secretariat and Executive Committee costs (1991-2005)		
- includes provision for staff contracts into 2005		39,029,040
Monitoring and evaluation activities approved at the 22nd,		
- 29th, 32nd & 35th and 38th Meetings of the Executive		1,320,375
- Committee		
Technical audit activities approved at the 24th and 36th meeting		
- of the Executive Committee		850,000
Bilateral cooperation		64,801,760
Provision for fixed-exchange-rate mechanism's fluctuations		
- losses/(gains) in value		11,079,732
Total allocations and provisions		1,540,744,536
BALANCE AVAILABLE FOR NEW ALLOCATIONS		101,921,008

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL
1991 - 2003 SUMMARY STATUS OF CONTRIBUTIONS AND OTHER INCOME
BALANCE AVAILABLE FOR NEW ALLOCATIONS
As at 11 July 2003

Description	1991-1993	1994-1996	1997-1999	2000-2002	1991 - 2002	2003	1991 - 2003
Pledged contributions	234,929,241	424,841,347	472,567,009	440,000,001	1,572,337,598	158,000,000	1,730,337,598
Cash payments	206,026,442	381,312,446	379,712,766	336,588,401	1,303,640,054	42,267,360	1,345,907,415
Bilateral assistance	4,366,255	12,089,441	22,144,067	22,834,515	61,434,278	3,367,482	64,801,760
Promissory notes	0	0	25,262,997	68,289,877	93,552,874	0	93,552,874
Total payments	210,392,697	393,401,887	427,119,830	427,712,793	1,458,627,206	45,634,842	1,504,262,049
Disputed contributions	0	8,098,267	0	0	8,098,267	0	8,098,267
Outstanding pledges	24,536,544	31,439,460	45,447,179	12,287,208	113,710,392	112,365,158	226,075,549
Payments %age to pledges	89.56%	92.60%	90.38%	97.21%	92.77%	28.88%	86.93%
Interest earned	5,323,644	28,525,733	44,685,516	53,955,043	132,489,936	480,210	132,970,146
Miscellaneous income	1,442,103	1,297,366	1,223,598	1,125,282	5,088,349	345,000	5,433,349
TOTAL INCOME	217,158,444	423,224,985	473,028,944	482,793,118	1,596,205,491	46,460,052	1,642,665,543

Accumulated figures	1991-1993	1994-1996	1997-1999	2000-2002	1991 - 2002	2003	1991-2003
Total pledges	234,929,241	424,841,347	472,567,009	440,000,001	1,572,337,598	158,000,000	1,730,337,598
Total payments	210,392,697	393,401,887	427,119,830	427,712,793	1,458,627,206	45,634,842	1,504,262,049
Payments %age to pledges	89.56%	92.60%	90.38%	97.21%	92.77%	28.88%	86.93%
Total income	217,158,444	423,224,985	473,028,944	482,793,118	1,596,205,491	46,460,052	1,642,665,543
Total outstanding contributions	24,536,544	31,439,460	45,447,179	12,287,208	113,710,392	112,365,158	226,075,549
As % to total pledges	10.44%	7.40%	9.62%	2.79%	7.23%	71.12%	13.07%
Outstanding contributions for Countries with Economies in Transition (CEITs)	24,570,102	31,439,460	33,056,215	10,488,398	99,554,175	3,035,147	102,589,322
CEITs' outstandings %age to pledges	10.46%	7.40%	7.00%	2.38%	6.33%	1.92%	5.93%

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

1991-2003 Summary Status of Contributions

As at 11 July 2003

	Agreed Contributions	Cash Payments	Bilateral Assistance	Promissory Notes	Outstanding Contributions
Australia	30,925,784	26,405,590	1,208,219	0	3,311,975
Austria	17,541,668	15,577,031	131,790	0	1,832,847
Azerbaijan	829,120	0	0	0	829,120
Belarus	2,497,285	0	0	0	2,497,285
Belgium	21,870,762	19,575,930	108,480	0	2,186,352
Bulgaria	1,017,655	1,017,655	0	0	0
Canada	60,843,529	46,888,233	6,778,398	3,690,228	3,486,670
Cyprus	148,670	148,670	0	0	0
Czech Republic	5,120,467	5,120,467	66,090	0	(66,090)
Denmark	14,277,419	12,621,896	205,000	0	1,450,523
Estonia	94,584	75,372	0	0	19,212
Finland	11,712,556	11,431,187	451,870	0	(170,501)
France	129,299,814	50,147,937	8,592,195	51,466,111	19,093,571
Georgia	0	0	0	0	0
Germany	190,459,222	147,708,352	24,212,994	2,655,273	15,882,603
Greece	7,839,991	6,169,173	0	0	1,670,818
Hungary	3,028,107	3,028,107	46,494	0	(46,494)
Iceland	630,633	644,743	0	0	(14,109)
Ireland	4,352,419	3,781,816	0	0	570,603
Israel	5,585,935	3,474,623	108,130	0	2,003,182
Italy	99,793,953	84,529,068	5,324,489	0	9,940,396
Japan	318,760,945	308,754,464	4,334,225	0	5,672,256
Kuwait	286,549	286,549	0	0	0
Latvia	278,940	225,525	0	0	53,415
Liechtenstein	177,158	165,631	0	0	11,527
Lithuania	402,518	14,975	0	0	387,543
Luxembourg	1,380,807	1,420,574	0	0	(39,767)
Malta	28,052	28,052	0	0	0
Monaco	142,697	142,697	0	0	0
Netherlands	32,737,165	29,373,104	0	0	3,364,061
New Zealand	4,828,855	4,828,855	0	0	1
Norway	11,841,704	11,841,704	0	0	0
Panama	16,915	16,915	0	0	0
Poland	3,988,365	2,682,071	113,000	0	1,193,294
Portugal	6,214,829	4,980,147	0	0	1,234,682
Russian Federation	89,121,167	0	0	0	89,121,167
Singapore	531,221	459,245	71,976	0	0
Slovakia	1,689,727	1,689,727	16,523	0	(16,523)
Slovenia	216,909	216,909	0	0	0
South Africa	3,793,691	3,763,691	30,000	0	0
Spain	47,442,715	42,564,730	0	0	4,877,985
Sweden	23,473,259	21,840,781	1,191,966	0	440,512
Switzerland	24,338,882	21,463,514	427,730	0	2,447,638
Tajikistan	92,792	5,333	0	0	87,459
Turkmenistan	281,718	0	0	0	281,718
Ukraine	8,600,008	785,600	0	0	7,814,408
United Arab Emirate:	559,639	559,639	0	0	0
United Kingdom	105,689,921	74,665,156	565,000	19,741,262	10,718,503
United States of America:	435,011,570	374,680,477	10,817,191	16,000,000	33,513,902
Uzbekistan	539,307	105,500	0	0	433,807
SUB-TOTAL	1,730,337,598	1,345,907,415	64,801,760	93,552,874	226,075,549
Disputed Contributions (**)	8,098,267	0	0	0	8,098,267
TOTAL	1,738,435,865	1,345,907,415	64,801,760	93,552,874	234,173,816

NB: (*) The bilateral assistance recorded for Australia and Canada was adjusted following approvals at the 39th meeting and taking into consideration a reconciliation carried out by the Secretariat through the progress reports submitted to the 40th meeting to read \$1,208,219 and \$6,449,438 instead of \$1,300,088 and \$ 6,414,880 respectively.

(**) Amounts for France, Germany, Italy, Japan and the United Kingdom netted off from the 1996 contributions and are shown here for records only.

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Status of Contributions for 2003

As at 11 July 2003

Party	Agreed Contributions	Cash Payments	Bilateral	Promissory Notes	Outstanding
Australia	3,150,806	0	(91,869)	0	3,242,675
Austria	1,832,847	0	0	0	1,832,847
Azerbaijan	7,685	0	0	0	7,685
Belarus	36,503	0	0	0	36,503
Belgium	2,186,352	0	0	0	2,186,352
Brunei Darussalam	0	0	0	0	0
Bulgaria	24,976	24,976	0	0	0
Canada	4,954,834	275,882	329,960	0	4,348,992
Cyprus	0	0	0	0	0
Czech Republic	330,450	330,450	66,090	0	(66,090)
Denmark	1,450,523	0	0	0	1,450,523
Estonia	19,212	0	0	0	19,212
Finland	1,010,563	1,284,991	0	0	(274,428)
France	12,518,689	0	0	0	12,518,689
Georgia	0	0	0	0	0
Germany	18,914,440	0	2,950,834	0	15,963,606
Greece	1,043,224	0	0	0	1,043,224
Hungary	232,468	232,468	46,494	0	(46,494)
Iceland	63,400	77,510	0	0	(14,109)
Ireland	570,603	0	0	0	570,603
Israel	803,071	0	0	0	803,071
Italy	9,805,922	0	0	0	9,805,922
Japan	34,760,000	34,760,000	0	0	0
Kuwait	0	0	0	0	0
Latvia	19,212	0	0	0	19,212
Liechtenstein	11,527	0	0	0	11,527
Lithuania	32,661	0	0	0	32,661
Luxembourg	153,698	193,465	0	0	(39,767)
Malta	0	0	0	0	0
Monaco	7,685	7,705	0	0	(20)
Netherlands	3,364,061	0	0	0	3,364,061
New Zealand	466,857	466,857	0	0	0
Norway	1,252,637	1,252,637	0	0	0
Panama	0	0	0	0	0
Poland	612,870	0	0	0	612,870
Portugal	895,290	0	0	0	895,290
Russian Federation	2,305,467	0	0	0	2,305,467
Singapore	0	0	0	0	0
Slovakia	82,613	82,613	16,523	0	(16,523)
Slovenia	155,619	155,619	0	0	0
South Africa	0	0	0	0	0
Spain	4,877,985	0	0	0	4,877,985
Sweden	1,988,466	1,876,089	49,450	0	62,927
Switzerland	2,447,638	0	0	0	2,447,638
Tajikistan	1,921	0	0	0	1,921
Turkmenistan	5,764	0	0	0	5,764
Ukraine	101,825	0	0	0	101,825
United Arab Emirates	0	0	0	0	0
United Kingdom	10,718,503	0	0	0	10,718,503
United States of America	34,760,000	1,246,098	0	0	33,513,902
Uzbekistan	21,133	0	0	0	21,133
TOTAL	158,000,000	42,267,360	3,367,482	0	112,365,158

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

1991-2002 Summary Status of Contributions

As at 11 July 2003

Party	Agreed Contributions	Cash Payments	Bilateral Assistance	Promissory Notes	Outstanding Contributions
Australia	27,774,978	26,405,590	1,300,088	0	69,300
Austria	15,708,821	15,577,031	131,790	0	0
Azerbaijan	821,435	0	0	0	821,435
Belarus	2,460,782	0	0	0	2,460,782
Belgium	19,684,410	19,575,930	108,480	0	0
Brunei Darussalam	0	0	0	0	0
Bulgaria	992,679	992,679	0	0	0
Canada	55,888,695	46,612,352	6,448,438	3,690,228	(862,323)
Cyprus	148,670	148,670	0	0	0
Czech Republic	4,790,017	4,790,017	0	0	0
Denmark	12,826,896	12,621,896	205,000	0	0
Estonia	75,372	75,372	0	0	0
Finland	10,701,993	10,146,196	451,870	0	103,927
France	116,781,125	50,147,937	8,592,195	51,466,111	6,574,882
Georgia	0	0	0	0	0
Germany	171,544,782	147,708,352	21,262,160	2,655,273	(81,003)
Greece	6,796,767	6,169,173	0	0	627,594
Hungary	2,795,639	2,795,639	0	0	0
Iceland	567,233	567,233	0	0	0
Ireland	3,781,816	3,781,816	0	0	0
Israel	4,782,864	3,474,623	108,130	0	1,200,111
Italy	89,988,031	84,529,068	5,324,489	0	134,474
Japan	284,000,945	273,994,464	4,334,225	0	5,672,256
Kuwait	286,549	286,549	0	0	0
Latvia	259,728	225,525	0	0	34,203
Liechtenstein	165,631	165,631	0	0	0
Lithuania	369,857	14,975	0	0	354,882
Luxembourg	1,227,109	1,227,109	0	0	0
Malta	28,052	28,052	0	0	0
Monaco	135,012	134,992	0	0	20
Netherlands	29,373,104	29,373,104	0	0	0
New Zealand	4,361,998	4,361,998	0	0	0
Norway	10,589,067	10,589,067	0	0	0
Panama	16,915	16,915	0	0	0
Poland	3,375,495	2,682,071	113,000	0	580,424
Portugal	5,319,539	4,980,147	0	0	339,392
Russian Federation	86,815,700	0	0	0	86,815,700
Singapore	531,221	459,245	71,976	0	0
Slovakia	1,607,114	1,607,114	0	0	0
Slovenia	61,290	61,290	0	0	0
South Africa	3,793,691	3,763,691	30,000	0	0
Spain	42,564,730	42,564,730	0	0	0
Sweden	21,484,793	19,964,692	1,142,516	0	377,585
Switzerland	21,891,244	21,463,514	427,730	0	0
Tajikistan	90,871	5,333	0	0	85,538
Turkmenistan	275,954	0	0	0	275,954
Ukraine	8,498,183	785,600	0	0	7,712,583
United Arab Emirates	559,639	559,639	0	0	0
United Kingdom	94,971,418	74,665,156	565,000	19,741,262	0
United States of America	400,251,570	373,434,379	10,817,191	16,000,000	0
Uzbekistan	518,174	105,500	0	0	412,674
SUB-TOTAL	1,572,337,598	1,303,640,054	61,434,278	93,552,874	113,710,392
Disputed Contributions (*)	8,098,267	0	0	0	8,098,267
TOTAL	1,580,435,865	1,303,640,054	61,434,278	93,552,874	121,808,659

NB: (*) Amounts for France, Germany, Italy, Japan and the United Kingdom netted off from the 1996 contributions and are shown here for record only.

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL
2000-2002 Summary Status of Contribution
 As at 11 July 2003

Party	Agreed Contributions	Cash Payments	Bilateral Assistance	Promissory Notes	Outstanding Contributions
Australia	7,446,783	6,819,903	557,580	0	69,300
Austria	4,728,354	4,728,354	0	0	0
Azerbaijan	110,547	0	0	0	110,547
Belarus	412,035	0	0	0	412,035
Belgium	5,542,377	5,542,377	0	0	0
Brunei Darussalam	0	0	0	0	0
Bulgaria	95,472	95,472	0	0	0
Canada	13,838,352	8,655,606	2,321,283	3,690,228	(828,765)
Cyprus	0	0	0	0	0
Czech Republic	608,004	608,004	0	0	0
Denmark	3,472,149	3,472,149	0	0	0
Estonia	75,372	75,372	0	0	0
Finland	2,723,451	2,723,451	0	0	0
France	32,862,321	0	2,008,725	30,893,491	(39,895)
Georgia	0	0	0	0	0
Germany	49,283,430	36,771,473	9,937,687	2,655,273	(81,003)
Greece	1,763,712	1,136,118	0	0	627,594
Hungary	602,979	602,979	0	0	0
Iceland	160,794	160,794	0	0	0
Ireland	1,125,558	1,125,558	0	0	0
Israel	1,733,562	425,321	108,130	0	1,200,111
Italy	27,294,819	21,835,856	5,324,489	0	134,474
Japan	100,415,994	98,815,272	1,600,725	0	(3)
Kuwait	0	0	0	0	0
Latvia	120,597	86,394	0	0	34,203
Liechtenstein	30,150	30,150	0	0	0
Lithuania	110,547	0	0	0	110,547
Luxembourg	341,688	341,688	0	0	0
Malta	0	0	0	0	0
Monaco	20,100	20,080	0	0	20
Netherlands	8,195,481	8,195,481	0	0	0
New Zealand	1,110,486	1,110,486	0	0	0
Norway	3,065,139	3,065,139	0	0	0
Panama	0	0	0	0	0
Poland	1,040,136	346,712	113,000	0	580,424
Portugal	2,095,350	1,755,958	0	0	339,392
Russian Federation	7,471,905	0	0	0	7,471,905
Singapore	0	0	0	0	0
Slovakia	195,969	195,969	0	0	0
Slovenia	0	0	0	0	0
South Africa	0	0	0	0	0
Spain	13,009,257	13,009,257	0	0	0
Sweden	5,446,905	4,357,654	711,666	0	377,585
Switzerland	6,105,156	5,953,926	151,230	0	0
Tajikistan	25,125	0	0	0	25,125
Turkmenistan	40,197	0	0	0	40,197
Ukraine	1,517,496	0	0	0	1,517,496
United Arab Emirates	0	0	0	0	0
United Kingdom	25,576,332	8,525,447	0	17,050,885	0
United States of America	110,000,001	96,000,001	0	14,000,000	0
Uzbekistan	185,919	0	0	0	185,919
TOTAL	440,000,001	336,588,401	22,834,515	68,289,877	12,287,208

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Status of Contributions for 2002

As at 11 July 2003

Party	Agreed Contributions	Cash Payments	Bilateral	Promissory Notes	Outstanding
Australia	2,482,261	2,228,938	184,023	0	69,300
Austria	1,576,118	1,576,118	0	0	0
Azerbaijan	36,849	0	0	0	36,849
Belarus	137,345	0	0	0	137,345
Belgium	1,847,459	1,847,459	0	0	0
Brunei Darussalam	0	0	0	0	0
Bulgaria	31,824	31,824	0	0	0
Canada	4,612,784	613,066	1,138,255	3,690,228	(828,765)
Cyprus	0	0	0	0	0
Czech Republic	202,668	202,668	0	0	0
Denmark	1,157,383	1,157,383	0	0	0
Estonia	25,124	25,124	0	0	0
Finland	907,817	907,817	0	0	0
France	10,954,107	0	1,187,874	9,806,128	(39,895)
Georgia	0	0	0	0	0
Germany	16,427,810	6,571,126	9,937,687	0	(81,003)
Greece	587,904	0	0	0	587,904
Hungary	200,993	200,993	0	0	0
Iceland	53,598	53,598	0	0	0
Ireland	375,186	375,186	0	0	0
Israel	577,854	0	108,130	0	469,724
Italy	9,098,273	7,013,799	1,950,000	0	134,474
Japan	33,471,998	32,959,661	512,337	0	0
Kuwait	0	0	0	0	0
Latvia	40,199	5,996	0	0	34,203
Liechtenstein	10,050	10,050	0	0	0
Lithuania	36,849	0	0	0	36,849
Luxembourg	113,896	113,896	0	0	0
Malta	0	0	0	0	0
Monaco	6,700	6,680	0	0	20
Netherlands	2,731,827	2,731,827	0	0	0
New Zealand	370,162	370,162	0	0	0
Norway	1,021,713	1,021,713	0	0	0
Panama	0	0	0	0	0
Poland	346,712	0	0	0	346,712
Portugal	698,450	359,058	0	0	339,392
Russian Federation	2,490,635	0	0	0	2,490,635
Singapore	0	0	0	0	0
Slovakia	65,323	65,323	0	0	0
Slovenia	0	0	0	0	0
South Africa	0	0	0	0	0
Spain	4,336,419	4,336,419	0	0	0
Sweden	1,815,635	1,452,573	180,666	0	182,396
Switzerland	2,035,052	2,035,052	0	0	0
Tajikistan	8,375	0	0	0	8,375
Turkmenistan	13,399	0	0	0	13,399
Ukraine	505,832	0	0	0	505,832
United Arab Emirates	0	0	0	0	0
United Kingdom	8,525,444	0	0	8,525,444	0
United States of America	36,666,667	28,666,667	0	8,000,000	0
Uzbekistan	61,973	0	0	0	61,973
TOTAL	146,666,667	96,940,176	15,198,972	30,021,800	4,505,719

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCO

Status of Contributions for 2001

As at 11 July 2003

Party	Agreed Contributions	Cash Payments	Bilateral Assistance	Promissory Notes	Outstanding Contributions
Australia	2,482,261	2,354,404	127,857	0	0
Austria	1,576,118	1,576,118	0	0	0
Azerbaijan	36,849	0	0	0	36,849
Belarus	137,345	0	0	0	137,345
Belgium	1,847,459	1,847,459	0	0	0
Brunei Darussalam	0	0	0	0	0
Bulgaria	31,824	31,824	0	0	0
Canada	4,612,784	4,218,583	394,201	0	0
Cyprus	0	0	0	0	0
Czech Republic	202,668	202,668	0	0	0
Denmark	1,157,383	1,157,383	0	0	0
Estonia	25,124	25,124	0	0	0
Finland	907,817	907,817	0	0	0
France	10,954,107	0	561,672	10,392,435	0
Georgia	0	0	0	0	0
Germany	16,427,810	13,772,537	0	2,655,273	0
Greece	587,904	548,214	0	0	39,690
Hungary	200,993	200,993	0	0	0
Iceland	53,598	53,598	0	0	0
Ireland	375,186	375,186	0	0	0
Israel	577,854	0	0	0	577,854
Italy	9,098,273	7,543,439	1,554,834	0	0
Japan	33,471,998	33,219,443	252,555	0	0
Kuwait	0	0	0	0	0
Latvia	40,199	40,199	0	0	0
Liechtenstein	10,050	10,050	0	0	0
Lithuania	36,849	0	0	0	36,849
Luxembourg	113,896	113,896	0	0	0
Malta	0	0	0	0	0
Monaco	6,700	6,700	0	0	0
Netherlands	2,731,827	2,731,827	0	0	0
New Zealand	370,162	370,162	0	0	0
Norway	1,021,713	1,021,713	0	0	0
Panama	0	0	0	0	0
Poland	346,712		113,000	0	233,712
Portugal	698,450	698,450	0	0	0
Russian Federation	2,490,635	0	0	0	2,490,635
Singapore	0	0	0	0	0
Slovakia	65,323	65,323	0	0	0
Slovenia	0	0	0	0	0
South Africa	0	0	0	0	0
Spain	4,336,419	4,336,419	0	0	0
Sweden	1,815,635	1,452,573	305,000	0	58,062
Switzerland	2,035,052	1,963,822	71,230	0	0
Tajikistan	8,375	0	0	0	8,375
Turkmenistan	13,399	0	0	0	13,399
Ukraine	505,832	0	0	0	505,832
United Arab Emirates	0	0	0	0	0
United Kingdom	8,525,444	2,841,816	0	5,683,628	0
United States of America	36,666,667	32,866,667	0	3,800,000	0
Uzbekistan	61,973	0	0	0	61,973
TOTAL	146,666,667	116,554,407	3,380,349	22,531,336	4,200,575

TRUST FUND FOR THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Status of Contributions for 2000

As at 11 July 2003

Party	Agreed Contributions	Cash Payments	Bilateral Assistance	Promissory Notes	Outstanding Contributions
Australia	2,482,261	2,236,561	245,700	0	0
Austria	1,576,118	1,576,118	0	0	0
Azerbaijan	36,849	0	0	0	36,849
Belarus	137,345	0	0	0	137,345
Belgium	1,847,459	1,847,459	0	0	0
Brunei Darussalam	0	0	0	0	0
Bulgaria	31,824	31,824	0	0	0
Canada	4,612,784	3,823,957	788,827	0	0
Cyprus	0	0	0	0	0
Czech Republic	202,668	202,668	0	0	0
Denmark	1,157,383	1,157,383	0	0	0
Estonia	25,124	25,124	0	0	0
Finland	907,817	907,817	0	0	0
France	10,954,107	0	259,179	10,694,928	0
Georgia	0	0	0	0	0
Germany	16,427,810	16,427,810	0	0	0
Greece	587,904	587,904	0	0	0
Hungary	200,993	200,993	0	0	0
Iceland	53,598	53,598	0	0	0
Ireland	375,186	375,186	0	0	0
Israel	577,854	425,321	0	0	152,533
Italy	9,098,273	7,278,618	1,819,655	0	0
Japan	33,471,998	32,636,168	835,833	0	(3)
Kuwait	0	0	0	0	0
Latvia	40,199	40,199	0	0	0
Liechtenstein	10,050	10,050	0	0	0
Lithuania	36,849	0	0	0	36,849
Luxembourg	113,896	113,896	0	0	0
Malta	0	0	0	0	0
Monaco	6,700	6,700	0	0	0
Netherlands	2,731,827	2,731,827	0	0	0
New Zealand	370,162	370,162	0	0	0
Norway	1,021,713	1,021,713	0	0	0
Panama	0	0	0	0	0
Poland	346,712	346,712	0	0	0
Portugal	698,450	698,450	0	0	0
Russian Federation	2,490,635	0	0	0	2,490,635
Singapore	0	0	0	0	0
Slovakia	65,323	65,323	0	0	0
Slovenia	0	0	0	0	0
South Africa	0	0	0	0	0
Spain	4,336,419	4,336,419	0	0	0
Sweden	1,815,635	1,452,508	226,000	0	137,127
Switzerland	2,035,052	1,955,052	80,000	0	0
Tajikistan	8,375	0	0	0	8,375
Turkmenistan	13,399	0	0	0	13,399
Ukraine	505,832	0	0	0	505,832
United Arab Emirates	0	0	0	0	0
United Kingdom	8,525,444	5,683,631	0	2,841,813	0
United States of America	36,666,667	34,466,667	0	2,200,000	0
Uzbekistan	61,973	0	0	0	61,973
TOTAL	146,666,667	123,093,818	4,255,194	15,736,741	3,580,914

Annex II**POSITION PAPER OF JAPAN ON CRITERIA FOR PROJECT FUNDING TO ACCELERATE PHASE-OUT AND/OR TO MAINTAIN MOMENTUM**

As Japan is unable to attend the Sub-Committee on Monitoring, Evaluation and Finance, we would like to seek your understanding on Japan's position on this matter. We strongly hope that the MEF takes into full account Japan's position and reflects it during its discussion so that our delegation will not have to reopen the matter in the plenary session.

Please find below our general comments and amendments to the draft recommendation prepared by the Secretariat contained in the document UNEP/OzL.Pro/ExCom/40/12.

General Comments

1. We do not agree to limit the scope of the discussion on this matter to reallocating funds from the savings achieved in the existing business plan to accelerated phase-out projects. Apart from the Decision 39/6(c), the Executive Committee, in its Decision 39/49, called for the need to approve appropriate criteria for accelerated phase-out projects rather than focusing on the transfer of funds from ordinary projects to accelerated phase-out projects.

2. The draft recommendation does not take into account the right of a contributing party to use up to 20 per cent of its contribution for bilateral projects. The definition of the term "funds that are not required in the current year's business plan" should not include the remaining funds within the limit of 20 per cent reserved for the contributing parties. The reallocation of the remaining funds for bilateral projects should be subject to agreement by the bilateral agencies concerned, in conjunction with their various diplomatic considerations.

3. The draft recommendation seems to give priority to the achievement of compliance targets of Article 5 parties while attaching less importance to "early phase-out" and "momentum maintenance". In order to improve the global protection of the ozone layer, "early phase-out" as well as "momentum maintenance" is of importance equivalent to achievement of compliance targets. Japan therefore would like to propose the adoption of a portion to be allocated to accelerate early phase-out through the redeployment of the identified funds. It should be noted, however, that parties not able to plan early phase-out should not be excluded from receiving funds for the achievement of compliance targets.

4. As "maintenance of momentum" is of the utmost importance and must be taken full advantage of to effectively conduct early phase-out, the criteria regarding "momentum maintenance" should be further developed. Japan proposes to add the following criteria:

- (a) Countries with national legislation to accelerate ODS phase-out;
- (b) Countries with a comprehensive plan of ODS phase-out agreed among all stakeholders; and
- (c) Countries with a financial and technical mechanism to initiate ODS phase-out activities.

5. With regard to the “descending order” mentioned in paragraph 2 of the draft recommendation, Japan would like to delete it. In terms of positive impact on the global environment, the criteria enumerated from (a) to (e) are equally important. New Parties to the Protocol do not need intensive assistance as they are supposed to be in full compliance with the Protocol on the date of accession in accordance with Article 17. In reality, not all of them will be able to come up with accelerated phase-out projects. It would not be realistic to reserve a portion only for these parties for two or three years. It would, therefore, be realistic and reasonable to flexibly consider all the criteria without any order in a holistic manner.

6. We are aware that the Multilateral Fund has approved a considerable number of accelerated phase-out projects. It would be useful if we establish a historical performance of the use of funds for this purpose with the assistance of the Secretariat. We will then be in the position to determine a realistic level of funds for allocation to accelerate phase-out projects, which in turn provides a basis for deciding a portion for accelerated phase-out projects.

**Proposed amendments to the recommendation
(the amendments are indicated as underlined)**

The Sub-Committee on Monitoring, Evaluation and Finance may wish to recommend to the Executive Committee:

1. To adopt a portion to be allocated to accelerate phase-out, taking into account the historical allocation, and to decide to complement the funding of such portion through redeployment of the funds identified as follows:

- (a) (i) Funds that are not required in the current years business plan of implementing agencies are defined as the difference between the value for each activity in the business plan and the amount approved for them by the Executive Committee;
- (ii) Funds that are not required in the current year’s business plan of bilateral agencies are defined as the difference between the 20 per cent of their contribution and the amount approved for their bilateral projects*;
- (b) Funds that are returned from balances, cancellations, and changes in ownership from projects approved during the triennium;
- (c) Funds from annual tranches that are not approved during the business plan year due to a delay in submission approval.

*The reallocation of (a)(ii) to the funding window is subject to agreement of the bilateral agency concerned.

2. To adopt the following criteria to accelerate phase-out and maintain momentum** ~~in descending order for projects/agreements from:~~

- (a) Countries for which project preparation has been approved and utilized;

- (b) Countries maintaining the momentum which can be assessed by such criteria as:
 - (i) Countries with national legislation to accelerate ODS phase-out;
 - (ii) Countries with a comprehensive plan of ODS phase-out agreed among all stakeholders;
 - (iii) Countries with a technical and financial mechanism to initiate ODS phase-out activities;
- (c) New Parties to the Montreal Protocol and its amendments;
- (d) Countries with low levels of consumption of methyl bromide, halon and CTC;
- (e) Countries to phase-out ODS production;
- (f) LVC countries that have received an RMP pursuant to Decision 31/48;

** This listing of the priorities does not necessarily imply any order of importance

List of projects and activities approved for funding

UNEP/OzL.Pro/ExCom/40/50
Annex III

Project Title	Agency	ODP (tonnes)	Funds approved (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
ARGENTINA						
FUMIGANT						
Methyl bromide						
Methyl bromide phase-out in tobacco and non-protected vegetable seedbeds (third tranche)	UNDP	21.0	\$467,000	\$35,025	\$502,025	22.24
<i>Argentina and UNDP were requested to explore the possibility of expediting the project</i>						
Total for Argentina		21.0	\$467,000	\$35,025	\$502,025	
BELIZE						
SEVERAL						
Institutional strengthening						
Extension of institutional strengthening project	UNEP		\$76,700	\$0	\$76,700	
<i>Approved on the understanding that the decision was without prejudice to the operation of the Montreal Protocol's mechanisms dealing with non-compliance issues</i>						
Total for Belize			\$76,700		\$76,700	
BENIN						
SEVERAL						
Institutional strengthening						
Renewal of institutional strengthening project	UNEP		\$43,333	\$0	\$43,333	
Total for Benin			\$43,333		\$43,333	
BOLIVIA						
SEVERAL						
Institutional strengthening						
Extension of the institutional strengthening project	UNEP		\$100,000	\$0	\$100,000	
<i>Approved at a level of US \$100,000, representing a one time addition of US \$21,133 to the established funding level of US \$78,867, on an exceptional basis, taking into consideration the circumstances facing the National Ozone Unit in Bolivia as a result of the total destruction of its offices in a fire in February 2003, and on the understanding that the approval was without prejudice to the Montreal Protocol's mechanism dealing with non compliance</i>						
Total for Bolivia			\$100,000		\$100,000	
BURUNDI						
REFRIGERATION						
Preparation of project proposal						
Project preparation for update of refrigerant management plan	UNDP		\$20,000	\$1,500	\$21,500	
Total for Burundi			\$20,000	\$1,500	\$21,500	

List of projects and activities approved for funding

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Annex III

Project Title	Agency	ODP (tonnes)	Funds approved (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
CHINA						
SOLVENT						
Multiple solvents						
ODS phase-out in China solvent sector: 2003 annual programme	UNDP	580.0	\$5,755,000	\$431,625	\$6,186,625	9.92
<i>The Government of China was requested to return the funding of US\$2 million reallocated under Decision 33/46 for uses as originally approved in the solvent sector plan</i>						
Total for China		580.0	\$5,755,000	\$431,625	\$6,186,625	
CUBA						
SEVERAL						
Institutional strengthening						
Extension of the institutional strengthening project (phase 4)	UNDP	12.3	\$149,066	\$11,180	\$160,246	
Total for Cuba		12.3	\$149,066	\$11,180	\$160,246	
EGYPT						
SEVERAL						
Institutional strengthening						
Extension of institutional strengthening project	UNIDO	18.9	\$228,323	\$17,125	\$245,448	
Total for Egypt		18.9	\$228,323	\$17,125	\$245,448	
HONDURAS						
SEVERAL						
Institutional strengthening						
Extension of institutional strengthening project	UNEP		\$57,200	\$0	\$57,200	
Total for Honduras			\$57,200		\$57,200	
INDIA						
SOLVENT						
Multiple solvents						
Conversion of CFC-113 as cleaning solvent to TCE at Bharat Electronics Limited (BEL), Bangalore	UNIDO	16.0	\$151,291	\$13,616	\$164,907	9.45
<i>Approved on the understanding that India would not seek any further funding for the phase out of CFC-113</i>						

List of projects and activities approved for funding

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Annex III

Project Title	Agency	ODP (tonnes)	Funds approved (US\$)		C.E. (US\$/kg)
			Project	Support	
CTC					
CTC phase-out plan for the consumption sector (first tranche)	IBRD		\$5,000,000	\$375,000	\$5,375,000
<i>The Executive Committee approved, in principle, the total funding of US\$52 million to support the implementation of the India CTC phase-out plan for both the consumption and production sectors. This is the total funding that would be made available to India from the Multilateral Fund for the total elimination of the CTC production and consumption controlled by the Montreal Protocol, and it was mutually agreed that no additional Multilateral Fund resources will be forthcoming for any additional activities related to phase-out of consumption and production of CTC in India. The first tranche was approved in order to enable India to proceed with implementation of its CTC phase-out plan with the understanding that priority of funding would be given to the consumption sector.</i>					
	Total for India	16.0	\$5,151,291	\$388,616	\$5,539,907
INDONESIA					
PHASE-OUT PLAN					
CFC phase out plan					
Sector phase-out plan for elimination of CFCs in the refrigeration (manufacturing) sector (advance of second tranche)	UNDP	300.0	\$600,000	\$52,900	\$652,900
<i>The Government of Indonesia was urged to report data on its country programme implementation in accordance with Decision 17/34 to enable the Secretariat to analyze the progress of CFC phase out in the refrigeration sector in Indonesia and inform the Executive Committee at its 41st Meeting.</i>					
	Total for Indonesia	300.0	\$600,000	\$52,900	\$652,900
JAMAICA					
SEVERAL					
Institutional strengthening					
Extension of institutional strengthening project	UNEP		\$57,200	\$0	\$57,200
	Total for Jamaica		\$57,200		\$57,200
JORDAN					
SEVERAL					
Institutional strengthening					
Extension of institutional strengthening project	IBRD	12.2	\$147,333	\$11,050	\$158,383
	Total for Jordan	12.2	\$147,333	\$11,050	\$158,383

List of projects and activities approved for funding

UNEP/OzL.Pro/ExCom/40/50
Annex III

Project Title	Agency	ODP (tonnes)	Funds approved (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
KOREA, DPR						
REFRIGERATION						
Domestic/commercial						
Sectoral phase-out in domestic refrigeration sector by conversion of refrigeration and compressor manufacture at 5th October Electronic and Automation Company (first tranche)	UNIDO		\$384,000	\$28,800	\$412,800	
<i>Approved in principle US \$1,365,011 as the total funding available for the implementation of the project; UNIDO would make every effort to complete the project by 1 January 2005; and UNIDO would include the balance of funding of US \$981,011 in its draft 2004 business plan and request approval of this funding at the 42nd Meeting of the Executive Committee</i>						
Refrigerant management plan						
Assistance for the development of a licensing system and training of customs officers	UNEP		\$50,000	\$6,500	\$56,500	
Monitoring the activities in the refrigeration servicing subsector	UNEP		\$10,000	\$1,300	\$11,300	
Provision of basic tools for the registered service workshops	UNIDO		\$100,000	\$9,000	\$109,000	
Training of refrigeration service technicians in good servicing practices	UNEP		\$70,000	\$9,100	\$79,100	
<i>The approval of all the activities in the refrigeration servicing sector were subjected to the following conditions: (i) the country would achieve at least the 2005 Montreal Protocol CFC reduction target without further assistance from the Fund; and (ii) in 2006, the Government would submit a comprehensive report on the activities undertaken and results achieved, including the amount of CFC permanently phased out. The report would be reviewed by the Secretariat before submission to the Executive Committee. The Government could then be advised through the relevant implementing agency to prepare and submit Phase II of the project to achieve complete CFC phase out in the servicing sector. The activities in Phase II best suited to the circumstances and needs of the country would be identified at that time</i>						
Total for Korea, DPR			\$614,000	\$54,700	\$668,700	
MALAWI						
FUMIGANT						
Methyl bromide						
Phase-out of all non-essential and non-QPS methyl bromide (release of third tranche)	UNDP	41.1	\$750,000	\$56,250	\$806,250	18.25
<i>UNDP was requested to present a further report on the implementation of the project to the 41st Meeting of the Executive Committee</i>						
Total for Malawi		41.1	\$750,000	\$56,250	\$806,250	

List of projects and activities approved for funding

UNEP/OzL.Pro/ExCom/40/50
Annex III

Project Title	Agency	ODP (tonnes)	Funds approved (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
MALAYSIA						
PHASE-OUT PLAN						
CFC phase out plan						
National CFC phase-out plan: 2003 annual work programme <i>The Executive Committee commended the Government and the World Bank for the good effort in providing an audit of the CFC imports for the year 2002, and requested the World Bank to apply an equally credible methodology for the verification of the CFC consumption in Malaysia for the year 2002 in 2004. The World Bank was also requested to provide in future work programme submissions a full account of the funds it has received pursuant to the Agreement</i>	IBRD	292.0	\$2,013,100	\$169,179	\$2,182,279	6.89
Total for Malaysia		292.0	\$2,013,100	\$169,179	\$2,182,279	
MEXICO						
PRODUCTION						
CFC closure						
Sector plan for phasing out CFC-11 and CFC-12 production sector (first tranche) <i>The Executive Committee approved in principle a total of US\$ 31.85 million in funding for the closure of the entire CFC production capacity in Mexico. This includes US\$ 0.85 million for the project management unit. This is the total funding that would be available to Mexico from the Multilateral Fund for the total permanent closure of all capacity for the production of Group I Annex A and Group I Annex B CFCs, and/or the development of capacity to produce alternatives to these CFCs. The project will be implemented according to the agreement for the Mexican CFC production sector adopted at the 40th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/40/50 Annex V).</i>	UNIDO		\$5,300,000	\$397,500	\$5,697,500	
STERILANTS						
Ethylene oxide						
Sterilization group project to replace CFC-12 technology-based sterilization equipment by alternative technologies in the hospital medical sterilization sector <i>The Government has the flexibility to implement the project using the technology of its choice and to meet any additional costs involved and no further funding will be requested for the sterilants sector</i>	IBRD	14.5	\$288,700	\$21,653	\$310,353	19.95
Total for Mexico		14.5	\$5,588,700	\$419,153	\$6,007,853	
NIGERIA						
SEVERAL						
Institutional strengthening						
Extension of institutional strengthening project	UNDP	21.5	\$260,000	\$19,500	\$279,500	
Total for Nigeria		21.5	\$260,000	\$19,500	\$279,500	

List of projects and activities approved for funding

UNEP/OzL.Pro/ExCom/40/50
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Project Title	Agency	ODP (tonnes)	Funds approved (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
PAKISTAN						
HALON						
Preparation of project proposal						
Project preparation for a halon sector phase-out plan	UNIDO		\$22,000	\$1,650	\$23,650	
SOLVENT						
Multiple solvents						
Conversion of cleaning installations from carbon tetrachloride (CTC) and methyl chloroform (MCF) to tetrachloroethylene (PER) and water in combination with partial process modification at Hirra Farooq Ltd., Lahore <i>Approved on the understanding that proposals to phase out the remaining consumption in the solvent sector should be presented as a sector phase out plan</i>	UNIDO	37.5	\$246,493	\$22,184	\$268,677	6.60
Conversion of cleaning installations from carbon tetrachloride (CTC), methyl chloroform (MCF) and CFC-113 to tetrachloroethylene (PER) and water in combination with process modification at Breeze Frost Industries Ltd., Lahore <i>Approved on the understanding that proposals to phase out the remaining consumption in the solvent sector should be presented as a sector phase out plan</i>	UNIDO	33.2	\$282,056	\$21,254	\$303,310	8.50
	Total for Pakistan	70.7	\$550,549	\$45,088	\$595,637	
PANAMA						
REFRIGERATION						
Preparation of project proposal						
Project preparation for update of refrigerant management plan (investment components)	UNDP		\$15,000	\$1,125	\$16,125	
SEVERAL						
Preparation of project proposal						
Project preparation for refrigerant management plan update	UNEP		\$15,000	\$1,950	\$16,950	
	Total for Panama		\$30,000	\$3,075	\$33,075	
SERBIA AND MONTENEGRO						
PHASE-OUT PLAN						
Preparation of project proposal						
Assistance to prepare a national CFC phase-out plan (manufacturing sector)	UNIDO		\$40,000	\$3,000	\$43,000	
Assistance to prepare a national CFC phase-out plan (servicing sector)	Sweden		\$65,000	\$8,450	\$73,450	
	Total for Serbia and Montenegro		\$105,000	\$11,450	\$116,450	
SEYCHELLES						
REFRIGERATION						
Refrigerant management plan						
Phasing out ODS use in the refrigeration and air conditioning sector	Germany		\$41,607	\$5,409	\$47,016	

List of projects and activities approved for funding

UNEP/OzL.Pro/ExCom/40/50
Annex III

Project Title	Agency	ODP (tonnes)	Funds approved (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
Total for Seychelles			\$41,607	\$5,409	\$47,016	
THAILAND						
SEVERAL						
Institutional strengthening						
Extension of institutional strengthening project	IBRD	28.6	\$346,667	\$26,000	\$372,667	
Total for Thailand			\$346,667	\$26,000	\$372,667	
TRINIDAD AND TOBAGO						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out management plan for CFCs (first tranche)	UNDP	42.9	\$220,000	\$16,500	\$236,500	5.13
<i>Approved in accordance with the agreement between the Government of Trinidad and Tobago and the Executive Committee agreed at the 40th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/40/50 Annex VI).</i>						
Total for Trinidad and Tobago			\$220,000	\$16,500	\$236,500	
VIETNAM						
SEVERAL						
Institutional strengthening						
Extension of institutional strengthening project	UNEP	9.8	\$118,976	\$0	\$118,976	
Total for Vietnam			\$118,976		\$118,976	
GRAND TOTAL		1,481.5	\$23,491,045	\$1,775,325	\$25,266,370	

Summary

UNEP/OzL.Pro/ExCom/40/50
Annex III

Sector	Tonnes (ODP)	Funds approved (US\$)		
		Project	Support	Total
BILATERAL COOPERATION				
Refrigeration		\$41,607	\$5,409	\$47,016
Phase-out plan		\$65,000	\$8,450	\$73,450
TOTAL:		\$106,607	\$13,859	\$120,466
INVESTMENT PROJECT				
Fumigant	62.1	\$1,217,000	\$91,275	\$1,308,275
Production		\$5,300,000	\$397,500	\$5,697,500
Refrigeration		\$614,000	\$54,700	\$668,700
Solvent	666.7	\$11,434,840	\$863,679	\$12,298,519
Sterilants	14.5	\$288,700	\$21,653	\$310,353
Phase-out plan	634.9	\$2,833,100	\$238,579	\$3,071,679
TOTAL:	1,378.2	\$21,687,640	\$1,667,386	\$23,355,026
WORK PROGRAMME AMENDMENT				
Halon		\$22,000	\$1,650	\$23,650
Refrigeration		\$35,000	\$2,625	\$37,625
Phase-out plan		\$40,000	\$3,000	\$43,000
Several	103.3	\$1,599,798	\$86,805	\$1,686,603
TOTAL:	103.3	\$1,696,798	\$94,080	\$1,790,878
Summary by Parties and Implementing Agencies				
Germany		\$41,607	\$5,409	\$47,016
Sweden		\$65,000	\$8,450	\$73,450
IBRD	347.3	\$7,795,800	\$602,882	\$8,398,682
UNDP	1,018.8	\$8,236,066	\$625,605	\$8,861,671
UNEP	9.8	\$598,409	\$18,850	\$617,259
UNIDO	105.6	\$6,754,163	\$514,129	\$7,268,292
GRAND TOTAL	1,481.5	\$23,491,045	\$1,775,325	\$25,266,370

**ADJUSTMENTS ARISING FROM THE 39TH AND 40TH MEETINGS OF THE
EXECUTIVE COMMITTEE FOR PROJECTS AND ACTIVITIES**

Agency	Project Costs (US \$)	Support Costs (US \$)	Total (US \$)
IBRD	(505,841)*	208,796**	(297,045)
UNDP***	3,561,479	485,526	4,047,005
UNEP	1,265,686	105,255	1,370,941
UNIDO	221,769	28,828	250,597
TOTAL ADJUSTMENTS	4,543,093	828,405	5,371,498

* Funds owed to the World Bank.

** Support costs to be returned by the World Bank.

*** Includes the net adjustment of a return of US \$2,457,292 indicated for UNDP at the 39th Meeting.

**NET TRANSFERS TO IMPLEMENTING AGENCIES AND BILATERAL
CONTRIBUTIONS BASED ON DECISION OF THE 40TH MEETING OF THE
EXECUTIVE COMMITTEE**

	Project Costs (US \$)	Support Costs (US \$)	Total (US \$)
Sweden	65,000	8,450	73,450
IBRD	8,301,641	394,086	8,695,727
UNDP	4,674,587	140,079	4,814,666
UNIDO	6,532,394	485,301	7,017,695
TOTAL TRANSFERS	19,573,622	1,027,916	20,601,538

**FUNDS TO BE OFFSET AGAINST FUTURE APPROVALS FOR BILATERAL
CONTRIBUTIONS AND IMPLEMENTING AGENCIES***

	Decision	Funds to be Offset (US \$)
France	Decision 40/9	125,665
Germany	Decisions 40/9 and 40/24	33,984
UNEP	Decisions 40/18, 40/28-31 and 40/45	753,682
TOTAL FUNDS TO BE OFFSET		913,331

* These amounts should be offset against future approvals at the 41st Meeting or thereafter.

**FUNDS OBLIGATED FOR EXTRA-BUDGETARY ALLOCATIONS TO BE MANAGED
BY THE FUND SECRETARIAT**

Items	Decision	Costs (US\$)
Multilateral Fund Treasurer's Fees	Decision 40/3	301,000
Information Strategy	Decision 40/53	104,750
Study to Evaluate the Financial Mechanism	Decision 40/56	500,000
Total		905,750

Annex IV

**VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS
OF INSTITUTIONAL STRENGTHENING PROJECTS
SUBMITTED TO THE 40th MEETING**

Belize

1. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Belize and notes with appreciation the fact that Belize reported 2002 consumption data to the Fund Secretariat that are lower than its revised 1995-1997 CFC compliance baseline, and that if confirmed by the Ozone Secretariat Belize would have met its commitments to reduce CFC consumption as well as returned to compliance with the CFC consumption freeze. The Executive Committee also notes that Belize has taken some significant steps to accelerate the phase-out of its consumption of ODS in the period covered by the institutional strengthening renewal project. Specifically in its submission, Belize reports that in addition to its commitments it has taken other important initiatives, namely the continuation of the organization of training workshops in good practices in refrigeration, the promotion of a refrigeration technicians association and the strengthening of its legal and regulatory systems on ODS control. This is encouraging and the Executive Committee greatly appreciates the efforts of Belize to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Belize will take steps to ratify the remaining amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments and continue with outstanding progress the implementation of its country programme, refrigerant management plan activities and special measures put in place to reduce its CFC consumption, and sustain and build upon its current levels of reductions in CFCs.

Benin

2. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Benin. The Executive Committee notes with appreciation the fact that the 2001 data reported by Benin to the Ozone Secretariat and the 2002 data reported to the Fund Secretariat are lower than its 1995-1997 average CFC consumption, and that Benin appears to be able to sustain its compliance with the Montreal Protocol measures. The Executive Committee also notes that Benin has taken other significant steps to phase out its consumption of ODS in the period covered by the third phase of the institutional strengthening project. Specifically in its submission, Benin reports that it has taken important initiatives, namely the reduction of ODS imports through the organization of the customs officers' training project and the intensification of awareness raising activities on the consequences of ozone layer depletion throughout the country as well as the participation of the national ozone office in sub-regional projects in halons and methyl bromide. This is encouraging and the Executive Committee greatly appreciates the efforts of Benin to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Benin will take steps to ratify the remaining amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments and continue the implementation of its activities with outstanding progress, and sustain and build upon its current levels of reductions in CFCs.

Bolivia

3. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request and notes that although Bolivia was in non-compliance with its obligations under Article 2A of the Montreal Protocol for the control period 1 July 2000 to 30 June 2001 it appears to have taken some significant steps to phase out its ODS consumption and return to compliance in the period covered by the next phase of its institutional strengthening project. The Executive Committee is encouraged by its latest report on progress of implementation of its country programme to the Fund Secretariat in which Bolivia's consumption of Annex A Group I substances for 2002 was reported to be lower than its baseline consumption and it appeared that, if the CFC consumption is maintained at this level or lower, Bolivia will be returning to compliance with its obligations under Article 2A of the Protocol. Bolivia also reported that it has taken initiatives towards the implementation of a national strategy for the elimination of ODS, including a national import licensing and monitoring system and that it will continue to give priority to the implementation of its various training and conversion projects in the refrigeration and foam sectors. These activities are encouraging and the Executive Committee greatly appreciates the efforts of Bolivia to reduce the consumption of CFCs. The Executive Committee expressed the expectation that in the next two years, Bolivia will take steps to ratify the remaining amendment to the Montreal Protocol to which it is not yet a Party, namely the Beijing Amendment and continue to make outstanding progress in its efforts to sustain the progressive reduction of its CFC consumption levels through the implementation of the proposed ENESAO, the refrigerant management plan and other projects and ensure continued and sustained compliance with its obligations under the Montreal Protocol.

Cuba

4. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Cuba and notes with appreciation the fact that Cuba reported 2001 data to the Ozone Secretariat that is lower than its 1995-1997 CFC compliance baseline, and that Cuba appears to be able to comply with the CFC consumption freeze. The Executive Committee also notes that Cuba has taken some significant steps to phase out its consumption of ODS in the period covered for their institutional strengthening project. Specifically, in its submission, Cuba reports that it has taken important initiatives, namely the organization of training workshops on good practices in refrigeration and custom training, the implementation of projects in the aerosol and tobacco sectors, the preparation of activities in the metered dose inhalers (MDI) sector and the permanent implementation of the national public awareness campaign throughout the country. This is encouraging and the Executive Committee greatly appreciates the efforts of Cuba to reduce the consumption of CFCs. The Executive Committee recognizes the fact that Cuba will have a very challenging period ahead with the difficult task to comply with the 50% reduction of Annex A Group I substance, that is, reaching 312.5 ODP tonnes consumption in 2005. The Executive Committee expressed the expectation that, in the next two years, Cuba will take steps to ratify the remaining amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments and continue the implementation of its programmed activities with outstanding progress, and sustain and build upon its current levels of reductions in CFCs.

Egypt

5. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Egypt and notes with appreciation the fact that Egypt reported 2001 CFC consumption data to the Ozone Secretariat and 2002 data to the Fund Secretariat that are lower than its 1995-1997 CFC compliance baseline, and that Egypt appears to be able to comply with and sustain the CFC consumption freeze. The Executive Committee also notes that Egypt has taken some significant steps to phase out its consumption of ODS in the period covered by Phase IV of the institutional strengthening. Specifically in its submission, Egypt reports that it has taken important initiatives, namely the management and coordination of the implementation of investment projects and the refrigerant management plan by implementing and bilateral assistance agencies, monitoring of import and export of ODS. This is encouraging and the Executive Committee greatly appreciates the efforts of Egypt to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Egypt will take steps to ratify the remaining amendment to the Montreal Protocol to which it is not yet a Party, namely the Beijing Amendment and continue the implementation of its action plan with outstanding progress, and sustain and build upon its current levels of reductions in CFCs and other ODS.

Honduras

6. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Honduras and notes with appreciation the fact that Honduras reported 2002 data to the Ozone Secretariat that is lower than its 1995-1997 CFC compliance baseline, and that while Honduras appears to be able to sustain its compliance with the CFC consumption freeze. The Executive Committee also notes that while Honduras has taken some significant steps to phase out its consumption of CFCs in the period covered by their institutional strengthening project, there appears to have been appreciable increase in consumption of other ODS, notably methyl bromide. In its submission, Honduras reports that it has taken important initiatives, namely the reduction of ODS imports through a licensing and quota system to control ODS trade and the intensification of awareness-raising activities on ozone layer protection throughout the country. This is encouraging and the Executive Committee greatly appreciates the efforts of Honduras to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Honduras will take steps to ratify the remaining amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments and continue the implementation of its activities with outstanding progress, sustain and build upon its current levels of reductions in CFCs and achieve progress in the reduction of its consumption of methyl bromide.

Jamaica

7. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Jamaica and notes with appreciation the fact that Jamaica reported 2002 data to the Ozone Secretariat that is lower than its 1995-1997 CFC compliance baseline, and that Jamaica has complied with and been able to sustain the CFC consumption freeze. The Executive Committee also notes that Jamaica has taken some significant steps to

phase out its consumption of ODS in the period covered by for the institutional strengthening project. Specifically in its submission, Jamaica reports that it has taken important initiatives, namely the organization of training workshops in good practices in refrigeration (chillers and MAC) drafting of legislation for enactment by Parliament and conducting public awareness activities throughout the country. This is encouraging and the Executive Committee greatly appreciates the efforts of Jamaica to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Jamaica will take steps to ratify the remaining amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments and continue the implementation of the terminal phase-out management plan with outstanding success, and sustain and build upon its current levels of reductions in CFCs and other ODS.

Jordan

8. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Jordan and notes with appreciation the fact that Jordan reported 2001 CFC consumption data (321.0 ODP tonnes) to the Ozone Secretariat and recently reported 2002 data to the Fund Secretariat (121.3 ODP tonnes) that are significantly lower than its 1995-1997 CFC compliance baseline of 673.27 ODP tonnes, and that Jordan appears to be progressively reducing its CFC consumption, sustaining the CFC consumption freeze and moving towards compliance with the next reduction target of 50% reduction in baseline consumption. The Executive Committee also notes with appreciation that Jordan has ratified all amendments to the Montreal Protocol and that it has taken some significant steps to phase out its consumption of other ODS in the period covered by Phase IV of the institutional strengthening project. Specifically in its submission, Jordan reports that it has taken important initiatives through supervision and monitoring of the implementation of approved projects, field surveys and data collection and organization of public awareness programmes to facilitate the reduction of ODS consumption in the country. This is encouraging and the Executive Committee greatly appreciates the efforts of Jordan to reduce the consumption of CFCs and other ODS. The Executive Committee expressed the expectation that, in the next two years, Jordan will continue the implementation of the ongoing and planned projects with outstanding progress, and sustain and build upon its current levels of reductions in CFCs and other ODS.

Nigeria

9. The Executive Committee has reviewed the information presented with the institutional strengthening project for Nigeria and notes that while Nigeria has been in non-compliance during the 2000 and 2001 control period, the CFC consumption level for 2002 was lower than the 1999 freeze level. This is encouraging as Nigeria appears to be on its way to be in compliance with the Montreal Protocol, and it is the expectation of the Executive Committee that with the implementation of the performance-based CFC-phase-out plan approved at its 38th Meeting Nigeria will continue to remain in compliance with the Montreal Protocol CFC reduction schedules in the years to come. In its submission, Nigeria reported on a number of initiatives it has taken, including: Ratification of the London, Copenhagen and Montreal amendments to the Montreal Protocol, National workshops on the preparation of the refrigeration management plan (RMP) and the country programme, preparation of local database,

establishment of a programme for ODS phase-out in the oil & gas sector, strengthening of the three zonal ozone desks in Lagos, Kano & P/Harcourt, survey and workshop in the halon and aerosol sectors, International Ozone Day celebrations, introduction of import restrictions for old equipment that depend on CFC and creation of Nigeria's ozone website. Over the next two years, the country intends to ensure a successful implementation of the approved National CFC Phase-out plan, complete the country programme update, continue all awareness-raising operations, actively participate in regional methyl bromide programme, ensure good code of practice in the refrigeration and air conditioning sector, control importation/use of ODS and ODS equipment, ensure improved ODS import controls. The Executive Committee is encouraged by these initiatives and expresses the expectation that, in the next two years, Nigeria will have fully implemented these and other initiatives that are essential to ensure the reduction of its consumption to levels that will meet the compliance requirements of the Montreal Protocol. It is also the expectation of the Committee that within this period Nigeria will take steps to ratify the remaining amendment to the Montreal Protocol to which it is not yet a Party, namely the Beijing Amendment.

Thailand

10. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Thailand and notes with appreciation the fact that Thailand reported 2001 CFC consumption data to the Ozone Secretariat that is lower than its 1995-1997 CFC compliance baseline, and that Thailand continues to sustain its compliance with the CFC consumption freeze. The Executive Committee also notes that while Thailand has taken some significant steps to reduce its consumption of ODS in the period covered by the institutional strengthening project there has been some increase in consumption of some ODS, notably halon and methyl bromide. In its submission Thailand reports that it has taken important initiatives, namely the coordination of the implementation of approved activities resulting in permanent reduction of 2,500 ODP tonnes, establishment of inventory of remaining users of CFC, establishment of effective import quota and monitoring system, training and equipment of MAC service shop operators and commercial refrigerator manufacturers. This is encouraging and the Executive Committee greatly appreciates the efforts of Thailand to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Thailand will take steps towards the ratification of the remaining Amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments and implement its action plan with outstanding progress to enable it to sustain and build upon its current levels of reductions in CFCs and achieve progress in the reductions in consumption of other ODS.

Viet Nam

11. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Viet Nam and notes with appreciation the fact that Viet Nam reported 2002 CFC consumption data to the Ozone Secretariat that is lower than its 1995-1997 CFC compliance baseline, and that Viet Nam appears to be able to sustain its compliance with the CFC consumption freeze. The Executive Committee also notes that although Viet Nam has taken some significant steps to phase out its consumption of most ODS in

the period covered by phase III of the institutional strengthening project, there was significant increase in the consumption of halons. In its submission, Viet Nam reports that it has taken important initiatives, namely the improvement of its ODS monitoring and control system through increased involvement of customs officers, sustaining compliance through the continuation of the implementation of activities under the refrigerant management plan, the completion of the final umbrella project to fully eliminate CFCs in the aerosol sector and the use of mass media in its awareness-raising activities focusing on the refrigeration servicing sector. This is encouraging and the Executive Committee greatly appreciates the efforts of Viet Nam to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years Viet Nam will take steps to ratify the remaining amendments to the Montreal Protocol to which it is not yet a Party, namely Montreal and Beijing Amendments, continue the implementation of its activities with outstanding progress, sustain and build upon its current levels of reductions in CFCs and achieve progress in the reduction of consumption of halons.

Annex V

AGREEMENT FOR THE MEXICAN CFC PRODUCTION SECTOR

1. The Executive Committee decides to approve in principle a total of US \$31.85 million in funding for the closure of the entire CFC production capacity in Mexico. This includes US \$0.85 million for the project management unit.
2. This is the total funding that would be available to Mexico from the Multilateral Fund for the total permanent closure of all capacity for the production of Group I Annex A and Group I Annex B CFCs, and/or the development of capacity to produce alternatives to these CFCs.
3. The agreed level of funding would be paid out in instalments in the exact amounts specified in Table 1, and on the basis of the following understanding:
 - (a) By this approval, Mexico agrees that in exchange for the funding level specified in Table 1, it will reduce its total Group I Annex A and Group I Annex B substances production in an accelerated manner as compared to the allowable production in the same table:

Table 1

Year	2003	2004	2005	2006	2007	2008	2009	2010	Total
Maximum allowable production (metric tonnes)*	12,355	12,355	6,739	6,739	2,808	2,808	2,808	0**	
Maximum production levels agreed (metric tonnes)	22,000***			0	0	0	0	0	22,000
MLF funding US\$ million	5.3	10.7	4.0	11.85	0	0	0	0	31.85
Agency fees US\$	397,500	802,500	300,000	888,750	0	0	0	0	2,388,750

(*) Including 10% of its baseline production for meeting the basic domestic needs of other Article 5 countries.

(**) Save for any CFC production that may be agreed by the Parties to meet essential uses for Mexico.

(***) Total maximum production for the years 2003 to 2005. It is understood that Mexico may not exceed its allowable production limit during any one year.

The Executive Committee has also agreed in principle that it will continue to provide funds on the basis of annual programmes submitted in accordance with the schedule indicated above. The first tranche will be paid upon signature of this agreement and the Executive Committee will strive to ensure that the subsequent tranches are approved each year at the first meeting of the Executive Committee upon the submission by UNIDO and approval by the Executive Committee of the independent verification of the production in the preceding year within the Montreal Protocol requirement and within the total allowable production specified in Table 1. UNIDO will disburse the funds according to its rules and procedures;

- (b) Mexico agrees to ensure accurate monitoring of the phase-out, and to report regularly, consistent with their obligations under the Montreal Protocol and this

Agreement. Mexico also agrees to allow for independent technical audits administered by the implementing agency, and in addition, as may be directed by the Executive Committee to verify annual CFC production levels agreed in Table 1;

- (c) The Executive Committee wishes to provide Mexico with maximum flexibility in using the agreed funds to meet the reduction requirements agreed in subparagraph (a). Accordingly, while Mexico's country programme, sector strategy or other ancillary production-related documentation discussed during the preparation of this Agreement may have included estimates of specific funds that were thought to be needed for specific items, it is the Executive Committee's understanding that during implementation, as long as it is consistent with this Agreement and the mode of implementation included in the Mexico project proposal, the funds provided to Mexico pursuant to this Agreement may be used in any manner that Mexico believes will achieve the smoothest possible CFC production phase-out.
- (d) Mexico agrees that the funds being agreed in principle by the Executive Committee at its 40th Meeting for complete closure of its CFC production capacity is the total funding that will be available to it to enable its full compliance with the CFC production phase-out requirements of the Montreal Protocol, and that no additional Multilateral Fund resources will be forthcoming for related activities including the development of infrastructure for the production of alternatives, the import of alternatives, or the eventual closure of any HCFC facilities that use existing CFC infrastructure. It is also understood that, apart from the agency fee referred to in subparagraph (f) below and reflected in Table 1, Mexico, the Multilateral Fund and its implementing agencies and bilateral donors will neither provide nor request further Multilateral Fund-related funding for the accomplishment of the total phase-out of CFC production in accordance with the schedule noted above and the terms of the strategy being approved. This includes but is not limited to funding for employee compensation and all technical assistance including training.
- (e) Mexico understands that, if the Executive Committee meets its obligations under this Agreement, but Mexico does not meet the reduction requirements outlined in subparagraph (a), and the other requirements outlined in this document, the implementing agency and the Multilateral Fund will withhold funding for the subsequent tranche of funding outlined in Table 1 until the required reduction has been met. In addition, Mexico understands that the Multilateral Fund will reduce the last tranche in 2006, and therefore, total funding for the CFC production closure on the basis of \$1,000 per ODP tonne of phase-out not achieved in 2006 of this Agreement. It is clearly understood that the fulfillment of this Agreement depends on satisfactory performance of obligations by both Mexico and the Executive Committee.

- (f) UNIDO has agreed to be the implementing agency for this project. The fee for the project will be 7.5 per cent for project costs distributed during that time period. As the implementing agency during that time period, UNIDO agrees to be responsible for:
- (i) ensuring/providing independent verification to the Executive Committee that the phase-out targets and associated activities have been met;
 - (ii) ensuring that technical reviews undertaken by UNIDO are undertaken by the appropriate independent technical experts;
 - (iii) assisting Mexico in the development of its annual work programme which incorporates achievements in previous annual programmes;
 - (iv) carrying out supervision missions as required;
 - (v) ensuring the presence of an effective operating mechanism to enable effective, transparent implementation of the programme and accurate, verified reporting of data;
 - (vi) incorporating its work into the existing agreement between Mexico and UNIDO; and
 - (vii) ensuring that disbursements are made to Mexico based on agreed performance targets in the project, and the provisions of this Agreement.

4. The funding components of this decision shall not be modified on the basis of future Executive Committee decisions that may affect the funding of the CFC production sector or any related activity.

Annex VI

AGREEMENT FOR THE TERMINAL CFC PHASE-OUT MANAGEMENT PLAN FOR TRINIDAD AND TOBAGO

1. The Executive Committee approves a total of US \$460,000 in funding for the phased reduction and complete phase-out in the consumption of Annex A Group I substances used in Trinidad and Tobago. This is the total funding that would be available to the Government of Trinidad and Tobago from the Multilateral Fund for the total elimination of CFCs in Trinidad and Tobago. The agreed level of funding would be paid in two instalments, each covering specific objectives spelled out in Action Programmes, in the exact amount of US dollars specified below, and on the basis of the understanding set out in this Agreement.

2. By this Agreement, Trinidad and Tobago commits that in exchange for the funding level specified below, it will eliminate its total CFC consumption in accordance with the annual consumption limits indicated below in the installation and servicing of refrigeration and air conditioning equipment.

Table 1 - Targets and Schedule and Budget for Implementing the Action Programmes

Programme	Time period		ODS Consumption (MT)		ODS Reduction (MT)	Funding requested (US\$)*
	Start	End	Start	End		
First Action Programme	1 July 2003	30 June 2006	77.0	34.1 (2005)	42.9	220,000
Second Action Programme	1 July 2006	31 December 2007	34.1	0 (2007)	34.1	240,000
End of Action Programmes		1 January 2008	-	0 (2008)	77.0	-
TOTAL						460,000

(*) Excluding 7.5 per cent agency support costs

3. At its 40th Meeting, the Executive Committee approved funding of US \$220,000 plus agency support costs for activities to be carried out during the period 1 July 2003 – 30 June 2006. The Executive Committee also agrees, in principle, that funds will be provided at the 49th Meeting of the Executive Committee in mid-2006, for a two and a half year period, in accordance with the above table, for the exact amount listed and on the basis of submission of an action programme, subject to the performance requirements contained in this Agreement.

4. The payment in 2006 noted in Table 1 will be released based on confirmation that the first reduction target has been met and that the activities specified in the action programme for 2003-2006 contained in the project document have been substantially completed.

5. The Government of Trinidad and Tobago agrees to ensure accurate monitoring of the phase-out programme. The Government of Trinidad and Tobago will provide regular reports, as required by its obligations under the Montreal Protocol and this Agreement. Consumption

figures provided under this Agreement will be consistent with Trinidad and Tobago's reports to the Ozone Secretariat under Article 7 of the Montreal Protocol.

6. The Government of Trinidad and Tobago also agrees to allow independent verification audits as provided for in this Agreement, and in addition, external evaluation as may be directed by the Executive Committee, to verify that annual CFC consumption levels correspond to those agreed in Table 1, and that implementation of the TPMP is proceeding as scheduled and agreed in the first and second action programmes.

7. The Trinidad and Tobago Terminal CFC Phase-out Management Plan, which supports this Agreement, the Trinidad and Tobago Country Programme and other related documentation, may include estimates of specific funds that were thought to be needed for specific items. Notwithstanding this, the Executive Committee wishes to provide Trinidad and Tobago with maximum flexibility in using the agreed funds to meet the consumption limits agreed in Table 1. It is the Executive Committee's understanding that during implementation, as long as it is consistent with this Agreement, the funds provided to Trinidad and Tobago pursuant to this Agreement may be used in any manner that Trinidad and Tobago believes will achieve the smoothest possible CFC refrigeration sector phase-out, consistent with operational procedures as agreed between the Government of Trinidad and Tobago and UNDP in the Terminal Phase-out Management Plan, as indicated in the first and second action programmes.

8. The Government of Trinidad and Tobago agrees that the funds being agreed in principle by the Executive Committee at its 40th Meeting for the complete phase-out of Annex A Group I substances represent the total funds that will be available to Trinidad and Tobago to enable its full compliance with the reduction and phase-out as agreed with the Executive Committee of the Multilateral Fund, and that no additional Multilateral Fund resources will be forthcoming for any related activities. It is also understood that apart from the agency fee referred to in paragraph 10 below, the Government of Trinidad and Tobago, the Multilateral Fund, and its implementing agencies, and bilateral donors will neither request nor provide further Multilateral Fund-related funding for the accomplishment of the total phase-out of CFC in the refrigeration sector.

9. The Government of Trinidad and Tobago agrees that if the Executive Committee meets its obligations under this Agreement, but the Government of Trinidad and Tobago does not meet the reduction requirements outlined in paragraph 2 and other requirements outlined in this document, the implementing agency and the Multilateral Fund will withhold funding for the subsequent tranche of funding outlined in paragraph 2 until such time as the required reduction has been met. It is clearly understood that the fulfilment of this Agreement depends on the satisfactory performance of its obligations by both the Government of Trinidad and Tobago and the Executive Committee.

10. UNDP has agreed to be the implementing agency for the implementation of this Sector Plan, which will be completed in 2008. A fee of a total of 7.5 per cent of the annual funds has been agreed in accordance with the provisions of this Agreement and distributed as shown in Table 1. As the implementing agency, UNDP will be responsible for the following:

- (a) Ensuring performance and financial verification in accordance with specific

UNDP procedures and requirements as specified in the Trinidad and Tobago Terminal CFC Phase-out Management Plan;

- (b) Reporting annually on the implementation of the two action programmes;
- (c) Providing verification to the Executive Committee that the control targets listed in Table 1 and the associated activities have been met;
- (d) Ensuring that technical reviews by UNDP are undertaken by appropriate independent technical experts;
- (e) Assisting Trinidad and Tobago in preparation of the second action programme, which will incorporate achievements in the first action programme;
- (f) Carrying out required supervision missions;
- (g) Ensuring the presence of an operating mechanism to enable effective, transparent implementation of the programme and accurate data reporting;
- (h) Verification for the Executive Committee that CFC consumption for the refrigeration sector has been completed based on the schedule listed in Table 1;
- (i) Ensuring that disbursements are made to Trinidad and Tobago based on agreed performance targets in the project and provisions in this Agreement; and
- (j) Providing policy development assistance when required.

11. The funding components of this Decision shall not be modified on the basis of future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the country.

Annex VII

**RETIREMENT OF DR. OMAR EL-ARINI, CHIEF OFFICER OF THE
MULTILATERAL FUND**

Tributes to Dr. Omar El-Arini

Canada

1. The representative of Canada said that his country was honoured to host the Multilateral Fund Secretariat and he paid tribute to the Fund's successes and achievements under Dr. El-Arini's stewardship. His wisdom, leadership and ability to understand the complex issues had made a major contribution to the Fund's success. He concluded by lightheartedly paying tribute to Dr. El-Arini's fortitude in withstanding 13 Canadian winters.

Bolivia

2. The representative of Bolivia, speaking on behalf of all Article 5 countries, said that the Montreal Protocol owed Dr. El-Arini more appreciation than could be expressed, and that history would surely give him the recognition he deserved for his work for the good of humanity.

3. He said that it was an honour for Article 5 countries to have worked with Dr. El-Arini, who had surpassed expectations in fulfilling his mandate under the Montreal Protocol with a boundless sense of honesty, integrity and responsibility. It was his hard work and success over the past 13 years or so that had made it possible for the Multilateral Fund to grow and mature as a relevant and effective body within the international community. As direct beneficiaries of the work done by the Secretariat under Dr. El-Arini, Article 5 countries were sincerely and permanently grateful for the proactive, humble, respectful, generous and wise attitude toward every task.

4. It was difficult to pinpoint which existing international awards and marks of recognition would suffice to pay tribute to all that Dr. El-Arini had done, but he could be sure of the gratitude of several generations of billions of inhabitants of the planet, and many millions of children who would be able to enjoy the natural environment like those before them. Dr. El-Arini had proved an exemplary human being, teacher and adviser, and after thanking him for having fulfilled his mission so competently, he wished him further success, good health and serenity in the future.

Burundi

5. The representative of Burundi, speaking on behalf of African countries, said that he was proud to have been associated with the remarkable work of the Multilateral Fund. Gratitude was due not only from those who worked to protect the ozone layer, but also from all of humanity. The achievements of the Multilateral Fund were cited as a prime example of successful environmental cooperation. As a mark of appreciation, the African countries had mandated him to invite Dr. El-Arini to attend the Africa network meeting in Mauritius as their guest.

Jordan

6. The representative of Jordan also wished to express his appreciation to Dr. El-Arini, noting that he and all members of his Secretariat had worked indefatigably to implement the Montreal Protocol and to assist developing countries in respecting their commitments to the environment. The efforts that he had deployed over the preceding years had been an incentive to those countries to make extra efforts themselves.

Mauritius

7. The representative of Mauritius recalled with pleasure the many times, both professional and social, that he had spent with Dr. El-Arini, and said that he looked forward to welcoming him personally to Mauritius.

Saint Lucia

8. The representative of Saint Lucia, speaking on behalf of the countries of the English-speaking Caribbean, echoed the sentiments and good wishes of other speakers and suggested that Dr. El-Arini might like to exchange the cold Canadian winters for the warm beaches of the Caribbean.

United States of America

9. The representative of the United States of America, speaking on behalf of the non-Article 5 countries, noted that in the beginning the Montreal Protocol had represented a politically-crafted compromise and a great deal of blank paper, with the hope of the global community that the participants would be able to find a way to make it work. The Multilateral Fund could have had a number of different chief officers and the blank pages could have been filled in many different ways, but today it was acknowledged as one of the most effective parts of the United Nations system, something that was attributable to Dr. El-Arini, his vision and his leadership. An expression of that leadership had been his insistence on standards of excellence, an insistence to which the Secretariat staff had responded fully.

10. It was not enough to express the appreciation of the United States or of the Executive Committee; the whole global community had benefited from Dr. El-Arini's work to restore the ozone layer. He expressed the hope that the Executive Committee would continue to benefit from that wisdom as it tackled difficult issues in the future. He was certain that a telephone call to Dr. El-Arini about a particular problem would bring a reasoned response. It was not a time for saying goodbye but both for celebrating what had been accomplished and for looking forward to a different form of collaboration in the future.

Austria

11. The representative of Austria, speaking on behalf of European countries, thanked Dr. El-Arini for all he had accomplished. He said that it had been a great pleasure and honour to work with him and hoped that he would enjoy life after the Multilateral Fund.

UNIDO

12. The representative of UNIDO wished to express the sincere appreciation of the implementing agencies to Dr. El-Arini for his cooperation and guidance over the past dozen years. When the Multilateral Fund had been set up in 1990, it was the first financial mechanism of its kind. Dr. El-Arini had guided its development, ensuring a copious flow of information and finding solutions acceptable to all interested parties in often difficult negotiations. Through the lessons and learning experiences gained, the work of the Multilateral Fund was regarded as an environmental success story. Dr. El-Arini had contributed significantly to that success and would be sorely missed.

Multilateral Fund Secretariat

13. Speaking on behalf of the Secretariat, Mr. Richard Abrokwa-Ampadu noted that Dr. El-Arini had always striven for work of excellent quality and that, as a man of principle, he had always courageously defended both his convictions and those of his staff. Not only had he been loyal to the cause of the Executive Committee which he had been appointed to serve, but he had also been loyal to the staff of the Secretariat, and had always been ready to share his ideas, his vision and his innermost feelings with them.

14. Mr. Abrokwa-Ampadu said that the activities of the Secretariat had been facilitated by the strong sense of objectivity and adherence to the principle of impartiality instilled by Dr. El-Arini in his staff, and their work. It was the strong sense of mission, diligence and commitment to duty shown by Dr. El-Arini that had inspired everyone, without exception, to commit themselves to long hours of hard work in order to give their best. Many would remember him as an unsurpassed role model, a man always ready to praise, commend or reward a good effort.

15. Mr. Abrokwa-Ampadu recalled that all good things must come to an end one day, and that Dr. El-Arini could not be begrudged his well-deserved rest. He noted however that to simply say that Dr. El-Arini would be greatly missed would be the greatest of understatements. He said it remained to simply, and in all sincerity, state on behalf of all the members of the Secretariat, as well as all temporary staff, how proud and honoured they had been to have had the opportunity to work with Dr. El-Arini over the years, and to have been called his friend. In conclusion, he wished both Dr. El-Arini and his wife continued success in their future endeavours and assured Dr. El-Arini that they could both always count on the friendship of the staff of the Secretariat.

Statement by Dr. Omar El-Arini

16. Dr. Omar El-Arini thanked the members of the Executive Committee, the implementing agencies and the Secretariat for their kind words. He also recalled with appreciation many people who were not in the room, including former Chairs and Vice-Chairs of the Executive Committee, Chairs of the Sub-Committees, heads of working groups, and past members of staff. In particular, he would like to thank the Government of Canada for its hospitality, which had made Montreal a home from home for the Secretariat staff. He thanked all the staff and

management of the implementing agencies, noting that they had been very responsive to the needs of the Multilateral Fund, and also the members of the Technology and Economic Assessment Panel (TEAP) for their guidance and innovation. The staff of the GEF Secretariat and the Ozone Secretariat also deserved thanks for their strong support, together with non-governmental organizations for their contributions. He also wished to pay a special tribute to Mr. Sarma, former Executive Secretary of the Ozone Secretariat, and Mr. Marco Gonzalez, the current Executive Secretary, without forgetting Mr. Theodor Kapiga, who had long represented the Treasurer of the Fund. Thanks were also due to ICAO and to UNEP as co-hosts of the Fund Secretariat. He paid tribute to all who supported the Executive Committee's meetings: interpreters, report-writers, and conference room attendants.

17. Above all, he wished to thank his colleagues in the Multilateral Fund Secretariat for their perseverance and dedication in furthering the goal of the Montreal Protocol. Noting that there would soon be a different voice speaking from the Chief Officer's chair, he expressed his confidence that the Secretariat would remain professional and neutral in the execution of its duties to the full satisfaction of the Executive Committee.

18. He concluded by referring to his predilection for Middle Eastern culture, poetry and literature and in parting wished to cite some words that expressed his feelings:

“How shall I go in peace and without sorrow?

No, not without a wound in the spirit shall I leave your company.

Too many fragments of my spirit have I scattered in documents, corridors, aeroplanes, offices, and conference rooms; and I cannot withdraw from them without a burden and an ache.

It is not a garment I cast off this day but a skin that I tear with my own hands.

Nor is it a thought I leave behind me, but a heart made bigger with toil, sweat and hope.

Let it be said that my day of parting is the day of coming together, and let it be said that my eve amongst you is in truth a dawn for a new day and glorious future for the Multilateral Fund.”

19. You are the guardian of this Fund and I am sure with your wisdom you will maintain its future and its independence.

20. Do not give it up for adoption nor commit it to an old people's home; you will find a middle way for it to fulfil your dreams that conceived it and nurtured it.

21. God bless you all.
