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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-seventh Meeting
Montreal, 17-19 July 2002

REPORT OF THE THIRTY-SEVENTH MEETING OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Introduction

1. The 37th 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 in Montreal from 17 to 19 July 2002, and was preceded by the 26th Meeting of the Sub-Committee on Project Review and the 17th Meeting of the Sub-Committee on Monitoring, Evaluation and Finance, held concurrently at the same venue on 15 and 16 July 2002.

2. The Meeting was attended by representatives of the following countries members of the Executive Committee, in accordance with Decision XIII/27 of the 13th Meeting of the Parties to the Montreal Protocol:

(a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Canada, Finland, France, Japan (Vice-Chair), Netherlands, Poland and United States of America;

(b) Parties operating under paragraph 1 of Article 5 of the Protocol: Burundi, China, Colombia, El Salvador, Nigeria (Chair), Syrian Arab Republic and United Republic of Tanzania.

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 representative of the Ozone Secretariat was also present.

5. The Meeting was attended by representatives of the Alliance for Responsible Atmospheric Policy as observers.

6. The Meeting was also attended by a representative of the European Community as an observer.

AGENDA ITEM 1: OPENING OF THE MEETING

7. The Meeting was opened at 10:00 a.m. on Wednesday, 17 July 2002, by the Chair, Mr. O. A. Afolabi (Nigeria), who welcomed participants.

8. In his opening address, the Chair said that it was a pleasure to make opening remarks at his second meeting as Chair of the Executive Committee. He noted that the Meeting was taking place in the final year of the third triennium of the Multilateral Fund, and expressed confidence that significant milestones could be reached by the end of the year. He stressed the need for resource planning, as well as to ensure that the consolidated business plan for the next triennium was oriented towards compliance. He assured delegates that he would make every endeavour to make the Meeting of the Executive Committee a success and thanked the Secretariat for its work in preparing for the Meeting.

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/37/1/Rev.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. Secretariat activities.
4. Status of contributions and disbursements.

5. Report of the Seventeenth Meeting of the Sub-Committee on Monitoring, Evaluation and Finance on:

   (a) Status report on the evaluation of aerosol projects;

   (b) Report on the desk study on halon projects;

   (c) Report on the information collected concerning the status of implementation of MAC projects: follow-up to Decision 36/3;

   (d) 2001 accounts of the Multilateral Fund;

   (e) Completed projects with balances;

   (f) Project implementation delays;

   (g) Progress reports as at 31 December 2001:

      (i) Consolidated progress report;

      (ii) Bilateral cooperation;

      (iii) UNDP;

      (iv) UNEP;

      (v) UNIDO;

      (vi) World Bank;

   (h) Evaluation of the implementation of the 2001 business plans;

   (i) Update report on the status of Article 5 countries in achieving compliance with the initial control measures of the Montreal Protocol;

   (j) Addenda to 2002 business plans.

6. Report of the Twenty-sixth 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) Status report on Liquid Carbon Dioxide (LCD) technology and guidelines for LCD projects;

(f) Draft guidelines for Metered Dose Inhaler (MDI) projects;

(g) Funding of technology that is not in the public domain: follow-up to Decision 36/52;

(h) Report by UNEP on the progress made in the implementation of the Compliance Assistance Programme (CAP);

(i) A review of the policy and use of administrative fees at the World Bank (a report from the World Bank).

7. Country programmes.

8. Selection of options pursuant to Decision 35/57.

9. Further actions to implement the Framework for the Strategic Planning of the Multilateral Fund, follow-up to Decision 36/53:

(a) Guidelines for the preparation, implementation and management of performance-based substance-wide and national ODS phase-out agreements/plans;

(b) Business planning:

(i) Resource planning;

(ii) Resource allocation;

(c) Work of the Executive Committee.

10. Refrigerant management plans and terminal phase-out management plans (Decision 36/6).

11. Production Sector.

12. Report of the Chairman of the Executive Committee on the implementation of Decision 36/57.

13. Other matters.

14. Adoption of the report.

15. Closure of the meeting.

10. The representative of Japan requested that UNEP should brief the Executive Committee on document UNEP/OzL.Pro/ExCom/37/Inf.2, on the communication strategy for global compliance with the Montreal Protocol, under agenda item 13, Other matters.

(b) Organization of work

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

AGENDA ITEM 3: SECRETARIAT ACTIVITIES

12. The Chief Officer introduced the report on the various activities undertaken by the Secretariat since the 36th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/37/2).

13. He informed the Meeting that, in accordance with standard practice, decisions taken at the 36th Meeting of the Executive Committee regarding project approvals and other relevant decisions had been communicated to the Governments of the Article 5 Parties concerned.

14. The Chief Officer reported that the Secretariat had reviewed investment projects and other activities valued at US $324 million submitted to the 37th Meeting by implementing and bilateral agencies. In addition, the Secretariat had consolidated the progress reports of bilateral and implementing agencies and, on that basis, had evaluated the implementation of the agencies' 2001 business plans. The Secretariat had commissioned three studies, on liquid carbon dioxide, technology not in the public domain and on guidelines on metered dose inhalers (MDIs). In addition, it had awarded contracts for technical audits of chlorofluorocarbon (CFC) production facilities in Mexico and Venezuela, and invited bids for such audits for CTC production in China and India. As mandated by the 13th Meeting of the Parties, the Secretariat had contracted a consultant to undertake the preparation of a study on the fixed-exchange-rate mechanism and the Chief Officer expressed thanks to the Treasurer for his substantial input into that study. In addition, the Secretariat had prepared documents on guidelines for preparation of sectoral/national phase-out plans and on agreements associated with the approval of such plans; on business planning for the Multilateral Fund; and on the work of the Executive Committee.

15. The Chief Officer reported that the Secretariat had participated in a number of meetings and had made detailed presentations in four of the five network meetings held since the 36th Meeting of the Executive Committee. The Chief Officer had visited Nigeria and had met with Government officials, during which the importance of interaction between the Multilateral Fund and the policy makers in Article 5 countries had been clearly demonstrated.

16. The Chief Officer announced the recruitment of two new staff members to the Secretariat of the Multilateral Fund. He also welcomed the presence of Mr. Marco Antonio González, the

new Executive Secretary of the Ozone Secretariat, and Mr. Frank Pinto, the Executive Coordinator of the UNDP Global Environment Facility (GEF). He pledged his commitment to ensuring close cooperation between the Secretariat of the Multilateral Fund and the Ozone Secretariat, to the benefit of all Parties to the Montreal Protocol.

17. Following the introductory remarks of the Chief Officer, a number of representatives paid tribute to the superior work of the Multilateral Fund Secretariat staff and thanked the implementing agencies for their hard work with Article 5 countries. Representatives welcomed the participation of the Multilateral Fund Secretariat at network meetings, where their presence had been extremely important particularly in terms of ensuring the transparency of the work of the Fund through explanations of decisions taken by the Executive Committee. The Chief Officer assured the Committee that staff members would continue to attend those meetings, as time permitted.

18. One representative noted the increasingly important role of the Secretariat in helping to enhance the efficiency of the operations of the Multilateral Fund, in particular during the compliance period that had commenced in 1999. Pointing to the need to address the increased financial requirements of Article 5 countries, he noted that the Fund faced the issue of outstanding contributions while at the same time project delays had resulted in balances that should be returned to the Fund. He hoped that the Secretariat would be active in the proper functioning of the financial mechanisms under the Montreal Protocol.

19. Concerning the representation of the Multilateral Fund at the World Summit on Sustainable Development, to be held in Johannesburg from 26 August to 4 September 2002, some representatives felt that the cost of participation could not be justified, since there would be limited opportunity for issues related to ozone to be raised at the Summit. Others felt that the importance of the event justified participation, even if ozone issues could not be expected to achieve high visibility. The Chief Officer referred to Decision 36/58 and noted that a side event was envisaged, in association with the Ozone Secretariat and UNEP/DTIE, to launch the Official History of the Ozone Treaties and a booklet on the Multilateral Fund.

20. One representative stressed the relative importance of monitoring and evaluation of sector-based plans over project-based evaluations. The Chief Officer noted that all multi-year agreements now contained a clause that mid-term or periodic evaluations would be incorporated into the annual monitoring and evaluation work programme of the Secretariat.

21. In the context of the strategic framework for the Multilateral Fund, one representative felt that there should be a shift in emphasis in the work of the Multilateral Fund from project management to compliance issues. Technical assistance and capacity-building to assist Article 5 countries to achieve compliance with their targets under the Montreal Protocol was essential in that respect. Moreover, with production and consumption targets now being achieved, and with the issue of illegal trade already under discussion, an additional challenge for the Fund was to prevent illegal production of ozone-depleting substances (ODS).

22. The Executive Committee took note with appreciation of the report on the Secretariat's activities and decided:

(a) To request the Secretariat to continue to explore the possibility of further participation at the World Summit on Sustainable Development; and

(b) To develop a framework for an information strategy for the Multilateral Fund, to be included on the agenda of the 38th Meeting of the Executive Committee, to be held in November in Rome.

(Decision 37/1)

AGENDA ITEM 4: STATUS OF CONTRIBUTIONS AND DISBURSEMENTS

23. The Treasurer introduced the report on the status of the Fund as at 16 June 2002 (UNEP/OzL.Pro/ExCom/37/3), which showed a surplus of US $64.9 million. A shortfall of US$ 18.655 million due to implementation of the fixed-exchange-rate mechanism had been factored into the reported fund balance.

24. The Treasurer drew the Executive Committee's attention to a noticeable decline in the rate of payment as at 1st June, emphasizing the explicit wording of Decision XI/6, paragraph 7, of the Meeting of the Parties, regarding deadlines for contributions. He noted, however, that there had been numerous indications from Parties that payment processes had been initiated and that payments would soon materialize, including the payment of Japan's entire contribution for 2002, scheduled to arrive within the next two weeks. The following additional contributions had been received since preparation of the Treasurer's report: Canada had issued a promissory note worth CAN $5.498 million, and encashments of promissory notes from Germany and the Netherlands had taken place.

25. The Executive Committee discussed whether the current year's 5 to 10 per cent decline in the rate of payment of contributions compared to the previous year was an incipient pattern and therefore cause for concern. During the discussion, the issue was raised that some late contributions might in fact result from a delay in notification that said contributions had been credited to the Multilateral Fund's accounts. The Treasurer assured Executive Committee members that the necessary coordination mechanism was in place to monitor contributions received, thus virtually eliminating notification delays, but recognized that fund transfers occasionally experienced delays at the inter-bank level.

26. The representative of Japan wished to record in the report of the meeting his view that countries with economies in transition that were thriving economically should be in a position to pay their outstanding contributions.

27. Following the discussion, the Executive Committee decided:

(a) To note with appreciation the Treasurer's report, including tables showing the status of the Fund as reproduced in Annex I to the present report;

(b) To note that the current year's rate of payment of contributions appeared slightly slower than the previous year;

(c) To express gratitude to Parties that had made their contributions on time.

(Decision 37/2)

AGENDA ITEM 5: REPORT OF THE SEVENTEENTH MEETING OF THE SUB-COMMITTEE ON MONITORING, EVALUATION AND FINANCE

28. The representative of the Syrian Arab Republic, Chair of the Sub-Committee on Monitoring, Evaluation and Finance (composed of Canada, El Salvador, Finland, Netherlands, Nigeria, Syrian Arab Republic and United Republic of Tanzania) introduced the Report of the Sub-Committee on its 17th Meeting, held in Montreal from 15 to 16 July 2002 (UNEP/OzL.Pro/ExCom/37/4), which contained the Sub-Committee's recommendations on the following issues:

(a) Status report on the evaluation of aerosol projects

29. Having considered the recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, para. 6), the Executive Committee decided to take note of the status report presented in document UNEP/OzL.Pro/ExCom/37/5.

(Decision 37/3)

(b) Report on the desk study on halon projects

30. Having considered the comments and recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 7 and 8), the Executive Committee decided to take note of the report on the desk study on halon projects presented in document UNEP/OzL.Pro/ExCom/37/6, and request the Senior Monitoring and Evaluation Officer to proceed with the field evaluations taking into account the comments received.

(Decision 37/4)

(c) Report on the information collected concerning the status of implementation of MAC projects: follow-up to Decision 36/3

31. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 9 and 10), the Executive Committee decided:

(a) To take note of the report on information collected concerning the status of implementation of MAC projects as follow-up to Decision 36/3 (UNEP/OzL.Pro/ExCom/37/7, Corr.1 and Corr.2);

(b) To request the Senior Monitoring and Evaluation Officer to prepare an update of the present report in two years when most of the regulations under preparation by the countries concerned should be operational and the production of CFC-12 MAC systems will likely have ended, except for some limited quantities for the after sales market, and in that context to provide also an estimate of the increased use of HFC-134a as a consequence of conversion projects as well as information about filling HFC-134a MAC systems with CFC-12;

(c) To limit the field evaluation to India, the only country which reported that significant numbers of CFC-MAC systems were still being installed by car manufacturers.

(Decision 37/5)

(d) 2001 accounts of the Multilateral Fund

32. Having considered the comments and recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 11 to 13), the Executive Committee decided to take note with appreciation of the Accounts of the Multilateral Fund for the years 1991-2000 and the certified accounts for the year 2001 (UNEP/OzL.Pro/ExCom/37/8 and Corr.1).

(Decision 37/6)

(e) Completed projects with balances

33. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 14 to 16), the Executive Committee decided:

(a) To note the report contained in UNEP/OzL.Pro/ExCom/37/9/Rev.1;

(b) To note the levels of funds being returned to the 37th Meeting totalling US $3,712,818 plus support costs as follows by agency: US $299,193 from UNDP and agency support costs of US $38,894; US $69,497 from UNEP and agency support costs of US $9,035; US $493,300 from UNIDO and agency support costs of US $64,128 and US $2,850,828 from the World Bank and agency support costs of US $76,545;

(c) To note that implementing agencies had balances totalling almost US $3,557,800 excluding support costs from projects completed over two years ago, as follows: UNDP (US $681,731 plus support costs); UNEP (US $6,477 plus support costs); UNIDO (US $2,292,145 plus support costs); and the World Bank (US $577,447 plus support costs);

(d) To agree to discuss the issue of offsetting balances from projects completed 24 months previously against new project approvals at a future meeting;

(e) To request the World Bank to return agency support costs for all project savings and cancelled projects as stipulated in Executive Committee Decision 35/13(k), while noting that the issue of the return of agency support costs should be considered in the context of reconciliation of the Accounts of the Multilateral Fund and the implementing agency progress reports.

(Decision 37/7)

(f) Project implementation delays

34. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 17 to 21), the Executive Committee decided:

(a) To note the reports contained in UNEP/OzL.Pro/ExCom/37/10 on projects that had experienced implementation delays from France and the four implementing agencies;

(b) 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 and notify governments as required;

(c) To note that the following projects had met their deadlines:

(i) Conversion of CFC-12 medium open type refrigerating compressor at Wuhan New World Refrigeration Industrial Co. Ltd., China (CPR/REF/22/INV/208) (World Bank);

(ii) Conversion of CFC-12 medium open type refrigerating compressor at Chongqing Bingyang Refrigerating Machine Co., China (CPR/REF/22/INV/214) (World Bank);

(iii) Elimination of CFCs in the manufacture of rigid polyurethane foam through the use of HCFC-141b technology at Indufrio, Colombia (COL/FOA/26/INV/30) (World Bank);

(iv) Elimination of CFCs in the manufacturing plants of domestic refrigerators of Frimetal, Rosario, Argentina (ARG/REF/19/INV/44) (World Bank);

(d) To monitor progress on the following projects, and request the implementing agencies to provide follow-up reports to the 38th Meeting of the Executive Committee:

(i) Montreal Protocol implementation program (Phase II, second tranche), Chile (CHI/MUS/26/INV/37) (World Bank);

(ii) Translate and print three guidelines and training modules into Arabic, Chinese, French and Spanish (GLO/SEV/23/TAS/153) (UNEP), noting that UNEP was urged to complete the project by the 38th Meeting of the Executive Committee;

(e) To note that the Tanzania Domestic Appliance Manufacturers Ltd. Project, Tanzania (URT/REF/18/INV/06) had been cancelled since the enterprise involved had withdrawn;

(f) To set deadlines to achieve milestones as follows:

(i) Conversion to CFC-free technology in the manufacture of flexible (slabstock) polyurethane foam project at Chengdu Plastics No. 7 in China (CPR/FOA/20/INV/179) (World Bank); establish the Line of Credit prior to the submission of documents to the 38th Meeting of the Executive Committee;

(ii) Attarwala and Co. Pvt. Ltd. Aerosol conversion, Bombay in India (IND/ARS/22/INV/137) (World Bank); obtain approval by Chief Controller of Explosives prior to the submission of documents to the 38th Meeting of the Executive Committee;

(iii) Conversion of refrigerator manufacture from CFC-11 to pentane foam blowing agent in the production of PU insulation panels at Foshan Refrigeration Equipment General Factory, China (CPR/FOA/26/INV/267) (World Bank); make decision on new location of equipment by September 2002;

(iv) Conversion from MCF used as solvent to aqua based cleaning at Argelite La Rioja, SA; CIMCAM, SA; Grimoldi, SA; Heliodino SAIC; Interal Metalurgica, SA; Orbis Merig SAIC; Trosh SA; Unisol, SA and Buffalo, SA, Argentina (ARG/SOL/28/INV/91) (World Bank); Buffalo SA to complete conversion by November 2002, and purchase orders issued for remaining companies;

(g) To cancel the following projects or project components by mutual agreement:

(i) Phasing out CFCs at Laboratoire Bendi in Algeria (ALG/ARS/20/INV/18) (UNIDO); noting that the Government agrees to recuperate the equipment and ensure that the equipment purchased for the Bendi project will be used in the future conversion of an aerosol plant in Algeria if possible, the phase-out of 19.2 ODP tonnes, and that US $53,700 was disbursed of the US $56,790 approved before project cancellation;

(ii) Phasing out CFC-11 at Ets Leulmi Essaid flexible polyurethane foam plant in Algeria (ALG/FOA/22/INV/21) (UNIDO);

(iii) Phasing out of CFCs in the manufacturing plant of domestic refrigerators of Radio Victoria Catamarca, S.A. in Argentina (ARG/REF/22/INV/58) (UNIDO); noting that the original approval was for US $599,896 and US $145,352 was disbursed;

(iv) Elimination of CFCs in the manufacturing plant of domestic refrigerators at Lobato San Luis S.A. in Argentina (ARG/REF/23/INV/69) (World Bank);

(v) Project preparation in the aerosol sector in Bosnia and Herzegovina (BHE/ARS/30/PRP/03) (UNIDO);

(vi) Partial cancellation of the Hydraumatic component of the Umbrella project for five enterprises converting from CFC-11 to HCFC-141b and from CFC-12 to HFC-134a at EZ Industria, Hydraumatic, Menoncin, Unifrio and from CFC-12 to HFC-134a at Croydon in Brazil (BRA/REF/34/INV/219) (UNIDO); noting the adjustment of the project budget from US $469,452 to US $429,652 plus support costs;

(vii) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid polyurethane foam at Baharanfarr Co. in Iran (IRA/REF/31/INV/70) (UNDP); noting that Government informed UNDP that the company had changed owners and stopped its operation using ODS representing a phase-out of 19 ODP tonnes;

(viii) Preparation of a phase-out project in the methyl bromide sector in Kenya (KEN/FUM/30/PRP/21) (UNIDO);

(ix) Phasing out of CFCs at INDATEC/Industria de aplicacoes technico-domesticas Ltd. in Mozambique (MOZ/REF/18/INV/04) (UNIDO); noting that US $334,113 of US $581,515 approved for the project was disbursed before cancellation;

(x) Conversion of commercial refrigeration equipment to phase out CFC-12, HCFC-502 and CFC-11 at Technofrig S.A. in Romania (ROM/REF/19/INV/08) (UNIDO); noting that 6.9 ODP tonnes was phased out and that US $42,024 of US $297,768 was disbursed before cancellation;

(xi) Phasing out CFC-11 at Go-Ya Sungar Ltd. Sti. in Turkey (TUR/FOA/23/INV/31) (UNIDO); noting that US $219,771 of US $533,400 approved for the project was disbursed before cancellation;

(xii) Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Grupo ACO in Brazil (BRA/FOA/34/INV/236) (UNDP); noting that US $174,139 was approved for the project to phase out 22 ODP tonnes;

(xiii) Conversion from CFC-11 to HCFC-141b in the manufacture of rigid polyurethane foam for truck bodies and panels at nine enterprises (ABC Furgoes, Fricam Refri, Junges, Rafaeli, Refri Santos, Rondofrio, Tresmaiense, Trevosul Refrig, Verde Lago Furgoes) in Brazil (BRA/FOA/34/INV/235) (UNDP); noting that the level of ODS impact for the project should be adjusted from 72.1 ODP tonnes to 65.3 ODP tonnes and the funding from US $450,479 to US $409,158 with associated support costs to reflect the cancellation of Rondofrio;

(h) To request the Secretariat to prepare a working paper on how to deal with project cancellations in an overall, strategic manner in light of country compliance rather than on a case-by-case basis;

(i) To note that actual ODS phase-out from cancelled projects should be recorded, and request the Secretariat to provide options on how that could be achieved.

(Decision 37/8)

(g) Progress reports as at 31 December 2001:

(i) Consolidated progress report

35. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 22 and 23), the Executive Committee decided:

(a) To note with appreciation the Consolidated Progress Report of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/37/11;

(b) To request the Treasurer, the implementing agencies and the Secretariat to provide a full reconciliation of the Accounts of the Fund and the progress reports to the 38th Meeting of the Executive Committee;

(c) To continue to monitor training, recovery and recycling, and halon banking projects, and provide details to the Sub-Committee on those projects where delays would affect the ability of a country to comply with its obligations under the Montreal Protocol, or where delays were particularly severe.

(Decision 37/9)

(ii) Bilateral cooperation

36. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 24 and 25), the Executive Committee decided:

(a) To note with appreciation the progress reports submitted by the Governments of Australia, Belgium, Canada, Finland, France, Germany, Italy, Japan, Sweden, Switzerland and the United Kingdom, contained in UNEP/OzL.Pro/ExCom/37/12 and Add.1;

(b) To request the Government of Poland to provide its progress report to the 38th Meeting of the Executive Committee in the context of projects with implementation delays;

(c) To request the Governments of Belgium, France, and Germany to provide reports on the projects with implementation delays to the 38th Meeting of the Executive Committee;

(d) To request bilateral agencies to verify their data against the Inventory of Approved Projects before submitting their progress reports;

(e) To request the Government of Germany to clarify in a report to the 38th Meeting in the context of projects with implementation delays the apparent project overrun in the two methyl bromide projects in Egypt (EGY/FUM/25/PRP/68 – an overrun of US $89 and EGY/FUM/26/DEM/70 – an overrun of US $1,500) and the condition of approval for Egypt's (EGY/REF/29/TAS/75) and Syria's national recovery and recycling projects (SYR/REF/30/TAS/59).

(Decision 37/10)

(iii) UNDP

37. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 26 and 27), the Executive Committee decided:

(a) To note UNDP's progress report contained in UNEP/OzL.Pro/ExCom/37/13;

(b) To note that through May 2001, UNDP had 259 projects that it had classified as completed for over one year with remaining balances totalling US $3,952,495;

(c) To note that UNDP would report to the 38th Meeting on up to 79 projects with implementation delays including 28 projects that were so classified the previous year;

(d) To continue to monitor the project "Conversion from CFC-11 to LIA technology in the manufacture of flexible polyurethane boxfoam" at two Argentinean enterprises: La Cardeuse and Jovis in Argentina (ARG/FOA/31/INV/111); and returning the balances corresponding to two bankrupt companies (Cosmos and Mircropore) to the Multilateral Fund;

(e) To cancel the project "Phase-out of CFC-11 and CFC-12 by conversion to HCFC-141b and HFC-134a, respectively in the manufacture of commercial refrigeration equipment at Quena S.A." in Costa Rica (COS/REF/27/INV/20);

(f) To cancel the project "Elimination of CFCs 11 and 12 in the manufacture of domestic freezers at Jilin Jinouer Electric Appliances Group Co." in China (CPR/REF/23/INV/225);

(g) To reimburse US $105,826 plus support costs to UNDP for project balances that had been returned by UNDP but against which disbursements were charged. In so doing, the Executive Committee notes the inaccurate data reporting from UNDP and notes that UNDP would be further modifying its reported disbursements for projects contained in its progress report for US $245,899 that was incorrectly assigned to the wrong project accounts that resulted in apparent project overruns which did not exist;

(h) To note the phase-out target for the China solvent sector phase-out plan had been achieved through the implementation of previously approved projects;

(i) To note that the agreements for the Chilean methyl bromide phase-out project (CHI/FUM/32/INV/143), and Peru's methyl bromide phase-out project (PER/FUM/31/INV/28) were back on track, and that the agreement for Costa Rica's methyl bromide project (COS/FUM/35/INV/25) had not been signed.

(Decision 37/11)

(iv) UNEP

38. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, para. 28), the Executive Committee decided:

(a) To note UNEP's progress report contained in document UNEP/OzL.Pro/ExCom/37/14;

(b) To request UNEP to provide additional status reports to the 38th Meeting of the Executive Committee on the institutional strengthening projects with slow implementation in: Bahamas, Botswana, Cameroon, Central African Republic, Congo DR, Dominica, Grenada, Lesotho, Mozambique, Papua New Guinea, Samoa, St. Kitts and Nevis, St. Vincent and the Grenadines, and Tanzania. In addition, to note with concern that institutional strengthening projects in the following countries are classified for the second year with slow implementation: Central African Republic, Dominica, Mozambique, St. Vincent and the Grenadines, and Tanzania and for the third year for Bahamas, Botswana, Papua New Guinea, and St. Kitts and Nevis;

(c) To note that through May 2001, UNEP had 16 projects that it had classified as completed for over one year with remaining balances totalling US $323,040;

(d) To note that UNEP has 24 projects classified with implementation delays, including 16 projects that were so classified the previous year, and that a report on these projects should be submitted to the 38th Meeting;

(e) To cancel the project "Development of a halon bank for five Latin American countries" (LAC/HAL/26/TAS/28), and request that a new project be submitted in accordance with the established precedents for regional halon banking projects;

(f) To note that the project "Update Technology Sourcebooks and quality review updated material" (GLO/SEV/16/TAS/76) would be printed in September 2002;

(g) To note that the project "Training modules on management of ODS phase-out in SMEs" (GLO/SEV/19/TAS/112) would be completed in June 2003 as planned, in accordance with Decision 34/3(i);

(h) To note that the project "Develop fact sheet describing win-win technology options relative to Kyoto and Montreal Protocols" (GLO/SEV/27/TAS/182) had already been printed.

(Decision 37/12)

(v) UNIDO

39. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 29 and 30), the Executive Committee decided:

(a) To note UNIDO's progress report contained in document UNEP/OzL.Pro/ExCom/37/15;

(b) To request UNIDO to provide an additional status report to the 38th Meeting of the Executive Committee on the institutional strengthening project with slow implementation in Yugoslavia, while noting concern that the institutional strengthening project in Yugoslavia was classified for the second year with slow implementation;

(c) To note that through May 2001, UNIDO had 138 projects that it had classified as completed for over one year with remaining balances totalling US $4,661,333;

(d) To note that UNIDO would report to the 38th Meeting on up to 34 projects with implementation delays including 21 projects that were so classified the previous year;

(e) To note that the procedures for project cancellation should be applied as appropriate to the following projects:

(i) Phasing out of ODS at the refrigerator plant of Bole Electric Appliances Group in China (CPR/REF/23/INV/222); and

(ii) Phasing out of CFC-11 with HCFC-141b at Friobox in the production of rigid P.U. panels in Venezuela (VEN/FOA/31/INV/83);

(f) To note that the balances returned to the 30th Meeting for the following projects were subsequently revised by the data for the same projects presented to the 34th Meeting. The Treasurer should revise the amount returned for the following projects with the data provided to the 34th Meeting:

BOT/FUM/24/PRP/04	CMR/FUM/24/PRP/13	COL/FUM/21/PRP/23
CRO/FUM/24/PRP/07	DOM/FUM/25/PRP/18	DRK/FUM/23/PRP/04
IDS/FUM/23/PRP/69	JAM/FUM/24/PRP/08	JOR/FUM/23/PRP/36
MDN/FUM/25/PRP/08	MEX/FUM/22/PRP/58	THA/FUM/22/PRP/65
TUR/FUM/24/PRP/36	URU/FUM/24/PRP/26;	

(g) To note that the balances returned to the 34th and 36th Meetings for ALG/REF/27/PRP/35 were in error. The Treasurer should adjust the record for the project accordingly. In authorising these adjustments due to errors in reporting by UNIDO, the Executive Committee notes the inaccurate data reporting from UNIDO.

(Decision 37/13)

(vi) World Bank

40. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 31 and 32), and taking into account the factual amendment presented during the Meeting, the Executive Committee decided:

(a) To note the World Bank's progress report contained in document UNEP/OzL.Pro/ExCom/37/16;

(b) To request the World Bank to provide a level of information comparable to that provided by the other agencies for its seven institutional strengthening projects to the 38th Meeting in the context of projects with implementation delays;

(c) To note that through May 2001, the World Bank had 72 projects that it had classified as completed for over one year with remaining balances totalling US $11,953,777;

(d) To note that the World Bank would report to the 38th Meeting on up to 78 projects with implementation delays including 47 projects that were so classified the previous year;

(e) To authorize the World Bank to adjust the budgets for the lines of grants approved at the Seventh Meeting for Jordan and Tunisia to reflect the level disbursed on a project-by-project basis;

(f) To note that an apparent overrun of US $1,000 for the 50 per cent foam project in China (CPR/FOA/07/INV/16) would be addressed in the context of the reconciliation of the Accounts of the Fund and the agencies' progress reports;

(g) To note:

(i) That the proposed agreement between the World Bank and the Bahamas for the project (BHA/PHA/35/INV/108) had been sent to the Bahamas but had not yet been signed;

(ii) That the grant agreement between the World Bank and Malaysia for the National CFC Phaseout Plan had been signed and that the proposed grant agreement with Thailand for the National CFC Phaseout Plan was being negotiated;

(iii) That the World Bank had disbursed additional funds for the China halon phase-out plan but that it had not indicated the reason for the slow disbursement for China CFC production phase-out plan;

(iv) That the objective of the CFC MAC sector phase-out in China in 2001 had been met;

(v) That the equipment had been dismantled for one of the two halon production plants in India and that the equipment for the other plant would be dismantled in 2002 but after the agreed July 2002 milestone; and

(vi) That three of the 24 sub-loan agreements for the Thai chiller project (THA/REF/26/INV/104) had been signed, and therefore the March 2002 milestone had not been met;

(h) To note that Turkey's 2002 methyl bromide consumption might include consumption for quarantine and pre-shipment and request Turkey to clarify its latest consumption with the Ozone Secretariat and note that this issue would be reviewed at the 38th Meeting of the Executive Committee in the light of any updated data reported;

(i) To request the World Bank to comply with future requests from the Secretariat for providing information on such agreements in the context of progress reporting;

(j) To request reports to the 38th Meeting in the context of implementation delays for the following projects for which the Bank was not able to assess a future completion date: Shenzhou foam project in China (CPR/FOA/29/INV/311) and Handan Huisheng foam project in China (CPR/FOA/29/INV/323) and PT Sentra Sukses Selalu foam project in Indonesia (IDS/FOA/29/INV/115);

(k) To note that the issue of tax exemption for Multilateral Fund projects implemented by the World Bank in Colombia had been resolved;

(l) To request the World Bank to report to the 38th Meeting of the Executive Committee on the status of the release of funds for the Real Value halon project (IND/HAL/18/INV/60) in India;

(m) To note the Bank's continued differences regarding basic project data and its efforts to reconcile the data with the Secretariat's Inventory of Approved Projects.

(Decision 37/14)

(h) Evaluation of the implementation of the 2001 business plans

41. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 33 and 34), the Executive Committee decided:

(a) To note the evaluation of the implementing agencies' performance against their 2001 business plans, as contained in UNEP/OzL.Pro/37/17 and Corr.1;

(b) To consider at a future meeting the possibility of introducing another performance indicator on financial completion by implementing agencies within 12 months after actual project completion, and the impact of withholding funds on agencies' ability to implement newly approved projects in the context of considering the possibility of offsetting balances from projects completed 24 months previously against new project approvals;

(c) To reiterate with concern that implementing agencies should abide by the requirement to return balances from projects completed over 12 months ago.

(Decision 37/15)

(i) Update report on the status of Article 5 countries in achieving compliance with the initial control measures of the Montreal Protocol

42. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 35 and 36), and keeping in mind the respective roles of the Executive Committee and the Implementation Committee, the Executive Committee decided:

(a) To note with appreciation the update report on the status of Article 5 countries in the new phase of the Executive Committee in achieving compliance with the initial control measures of the Montreal Protocol as contained in UNEP/OzL.Pro/ExCom/37/18 and Corr.1, and request the Secretariat to continue to update this report at subsequent meetings, taking into account the comments received;

(b) To request the relevant Article 5 countries and implementing and bilateral agencies to use the information contained in this report (UNEP/OzL.Pro/ExCom/37/18 and Corr.1) as a basis for all future business planning;

(c) To request the Secretariat to write to the Government of the Bahamas for an explanation of the CFC data reported to the Fund Secretariat on the implementation of country programme that exceeds by more than 50 per cent the agreed maximum level of consumption for 2001 according to the Bahamas national phase-out agreement;

(d) To urge Costa Rica, Georgia, Ghana, Lebanon, Malawi, Morocco, Peru, Turkey and Uruguay to expedite the implementation of their phase-out agreements and projects to achieve the freeze in methyl bromide consumption;

(e) To request Argentina, China, Croatia and Romania to reconsider their CTC data to ensure that CTC for feedstock is not included;

(f) To note that the negative data for Argentina's halon consumption in 2001 reported to the Fund Secretariat on the implementation of country programme reflected the exportation of halon for that year when no halon was consumed or produced by Argentina;

(g) To note that there was an error in the Ozone Secretariat data concerning El Salvador's consumption of methyl bromide, which was zero ODP tonnes; and

(h) To note that Syria reported that the Government of Jordan and the Secretariat were discussing Jordan's ongoing consumption data.

(Decision 37/16)

(j) Addenda to 2002 business plans

43. Having considered the comments and recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/37/4, paras. 37 to 39), the Executive Committee decided:

(a) To endorse the Addendum to UNDP's 2002 Business Plan as contained in UNEP/OzL.Pro/ExCom/37/19 while noting that endorsement did not denote approval of the project identified therein nor its funding level;

(b) To endorse the Addendum to UNIDO's 2002 Business Plan as contained in UNEP/OzL.Pro/ExCom/37/20 while noting that endorsement did not denote approval of the activities identified therein nor their funding levels;

(c) To endorse the Addendum to the World Bank's 2002 Business Plan as contained in UNEP/OzL.Pro/ExCom/37/21 while noting that endorsement did not denote approval of the activities identified therein nor their funding levels;

(d) To note that weighted and un-weighted performance indicators would be revised, as appropriate.

(Decision 37/17)

AGENDA ITEM 6: REPORT OF THE TWENTY-SIXTH MEETING OF THE SUB-COMMITTEE ON PROJECT REVIEW

44. The representative of Colombia, Chair of the Sub-Committee on Project Review (composed of Burundi, China, Colombia, France, Japan, Poland and the United States of America) introduced the Report of the Sub-Committee on its 26th Meeting, held in Montreal on 15 and 16 July 2002 (UNEP/OzL.Pro/ExCom/37/22), which contained the Sub-Committee's recommendations on the following issues:

(a) Issues identified during project review

(i) Refrigerant management plans (RMPs) and terminal phase-out plans

45. The issue is dealt with in paragraph 121.

(ii) Phase-out plans in the refrigeration sector

46. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 14 and 15), the Executive Committee decided to urge Article 5 countries and implementing agencies wherever possible:

(a) Not to separate phase-out plans for manufacturing and servicing, but to present sector phase-out plans for the complete refrigeration sector or for total CFC phase-out, as appropriate;

(b) During the preparation of project proposals, clearly to identify the quantities of CFCs used as blowing agents and refrigerants.

(Decision 37/18)

(iii) Refrigerant management plans for non-LVC countries

47. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 16 and 17), the Executive Committee decided that, for RMPs in large-volume-consuming countries, interim steps should not be used in performance agreements unless the use of CFCs for manufacturing had been completely phased out, and that the agreement should result in complete phase-out as if it were part of a national CFC phase-out plan or a sector plan.

(Decision 37/19)

(iv) Projects with implementation times resulting in non-compliance

48. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 18 and 19), the Executive Committee decided, pending any decision by the Meeting of the Parties:

(a) That project proposals in which a country would be in non-compliance with the control measures of the Montreal Protocol should not be approved by the Executive Committee until the underlying issue of non-compliance had been dealt with by the Parties, through the Implementation Committee;

(b) Not to approve the project for the phase-out of the use of methyl bromide in grain storage in Egypt;

(c) To invite the Secretariat and the World Bank, and interested Executive Committee members, to continue working on the sector plan for phase-out of ODS in the process agents in China to resolve technical issues and eligible incremental costs for consideration at a future meeting, when the underlying non-compliance issues were resolved.

(Decision 37/20)

(v) Reductions in consumption in the chiller sub-sector

49. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 20 and 21), the Executive Committee decided to request the Secretariat:

(a) To re-examine the issues raised in the chiller sub-sector, taking into account the views expressed by the Executive Committee at the 37th Meeting; and

(b) To report to a future meeting of the Executive Committee on:

(i) a possible update of policy guidance;

(ii) clarification of the nature of savings that could be envisaged as a result of increased energy efficiency;

(iii) how soon those energy savings might be realized.

(Decision 37/21)

(vi) China solvent sector plan

50. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 23 to 25), the Executive Committee decided:

(a) To take note of the fact that disbursement of funds from the 2002 programme of the solvent sector phase-out plan had not yet taken place, in the absence of the submission of relevant information by the Government of China;

(b) To look forward to a report from UNDP and the Government of China about China's ability to meet the requirements of the agreement.

(Decision 37/22)

(vii) Projects with data discrepancies: implementation of Decision 34/18

51. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 26 and 27), the Executive Committee decided:

(a) To take note of the list of 24 projects in which the Secretariat had detected data discrepancies;

(b) To stipulate that the projects could be resubmitted for consideration by the Sub-Committee on Project Review at its next meeting, once the outstanding data discrepancy issues had been resolved;

(c) To decide that, if the data discrepancies could not be resolved, the project proposals should be withdrawn from the 2002 business plan of the implementing agency concerned.

(Decision 37/23)

(b) Bilateral cooperation

52. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 28 and 29), the Executive Committee decided to approve the requests for bilateral cooperation, as contained in document UNEP/OzL.Pro/ExCom/37/24 and Corr.1 with the amendments below, at the level of funding indicated in Annex II to the present report.

(Decision 37/24)

Jamaica: Terminal phase-out management plan for CFCs (Canada) (UNEP/OzL.Pro/ExCom/37/42)

53. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 30 and 31), the Executive Committee decided to approve the Canadian component of the above project at the level of funding indicated in Annex II to the present report, in accordance with the agreement between the Government of Jamaica and the Executive Committee contained in Annex III to the present report.

(Decision 37/25)

Albania: Phase-out of ODS – help in introduction of non-ODS technologies in refrigeration and insulation (Czech Republic) (UNEP/OzL.Pro/ExCom/37/24 and Corr.1)

54. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 32 and 33), the Executive Committee decided not to approve the above project for funding, since UNIDO was assisting the Government of Albania in the preparation of a phase-out plan which would address all ODS uses in the country.

(Decision 37/26)

Côte d'Ivoire: ODS phase-out in 50 existing centrifugal chiller units (France) (UNEP/OzL.Pro/ExCom/37/34 and Corr.1)

55. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 34 and 35), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report, on the understanding that the project, having a significant cost-share component and, being a demonstration project for the African region, would complete the cycle of demonstration projects in the chiller sub-sector for each region, and that no further chiller demonstration projects would be forthcoming.

(Decision 37/27)

Zimbabwe: Phase-out of methyl bromide in the tobacco sector (France) (UNEP/OzL.Pro/ExCom/37/56)

56. Having considered the comments of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 36 and 37), the Executive Committee noted the deferral of the above project by the Government of France pending further clarification that the technical conditions were in place to ensure the feasibility of the implementation of the project and the statement of one representative that if the project were to be resubmitted to the Executive Committee for approval, his delegation would still retain its reservations about the project.

Iran: Conversion of the use of CFC to LCD in the manufacture of flexible foam at Abre Baspar foam company (Germany) (UNEP/OzL.Pro/ExCom/37/41 and Add.1/Rev.1)

57. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 38 to 40), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report.

(Decision 37/28)

Nigeria: Sectoral phase-out programme: establishing a halon bank (Germany) (UNEP/OzL.Pro/ExCom/37/49 and Add.1)

58. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 41), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report, on the understanding that:

(a) The regulations facilitating production and import bans would be established within six months after the reclamation centre had been set up; and

(b) No further assistance from the Multilateral Fund would be requested from the Government of Nigeria for the halon sector.

(Decision 37/29)

Cuba: Project preparation for a CFC phase-out plan (Germany) (UNEP/OzL.Pro/ExCom/37/24 and Corr.1)

59. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 42 to 44), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report, on the understanding that:

(a) The project would be reformulated as a refrigerant management plan update;

(b) The Government of Germany would cooperate closely with the Government of Canada in the updating of the refrigerant management plan.

(Decision 37/30)

Mauritius: Project preparation for a CFC phase-out plan (Germany) (UNEP/OzL.Pro/ExCom/37/24 and Corr.1)
Namibia: Project preparation for a terminal phase-out plan (Germany) (UNEP/OzL.Pro/ExCom/37/24 and Corr.1)

60. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 45 and 46), and the related policy decision taken under agenda item 10, on refrigerant management plans and terminal phase-out management plans (Decision 37/70), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex II to the present report.

(Decision 37/31)

Zimbabwe: Project preparation for a terminal phase-out plan (Germany) (UNEP/OzL.Pro/ExCom/37/24 and Corr.1)

61. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 47 and 48), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report, on the understanding that, with regard to the calculation of the consumption to be addressed by the project, the project should comply fully with the rules and procedures of the Multilateral Fund.

(Decision 37/32)

Brazil: Training of refrigeration mechanics in the domestic and commercial refrigeration service sub-sectors (Germany) (UNEP/OzL.Pro/ExCom/37/30, Add.1 and Add.2)
Brazil: Training of customs officers (Germany) (UNEP/OzL.Pro/ExCom/37/30, Add.1 and Add.2)

62. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 49 and 50), the Executive Committee decided to

approve the German component of the CFC national phase-out plan for Brazil at the level of funding indicated in Annex II to the present report, in accordance with the agreement between the Government of Brazil and the Executive Committee, contained in Annex IV to the present report.

(Decision 37/33)

China: Phase-out of CFC-11 by conversion to cyclopentane technology and CFC-12 by conversion to isobutane (600a) technology in the manufacture of domestic refrigerators at Guizhou Haier Appliance Co., Ltd. (Italy) (UNEP/OzL.Pro/ExCom/37/32)

63. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 51 and 52), the Executive Committee decided to note the deferral of the project.

(Decision 37/34)

64. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 53), the Executive Committee decided to request the Treasurer to offset the costs of the above bilateral projects, as follows:

(a) US $271,200 against the balance of Canada's bilateral contributions for 2002;

(b) US $1,170,200 against the balance of France's bilateral contributions for 2002;

(c) US $4,395,741 against the balance of Germany's bilateral contributions for 2002;

(d) US $108,130 against the balance of Israel's bilateral contributions for 2002;

(e) US $294,247 against the balance of Japan's bilateral contributions for 2002.

(Decision 37/35)

(c) Work programmes and amendments

(i) 2002 work programme amendments of UNDP

65. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 54 and 55), the Executive Committee decided to approve UNDP's 2002 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/37/25, with the amendments below, at the level of funding indicated in Annex II to the present report.

(Decision 37/36)

Lebanon: Renewal of institutional strengthening
Sri Lanka: Renewal of institutional strengthening
Uruguay: Renewal of institutional strengthening
Venezuela: Renewal of institutional strengthening

66. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 56), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex II to the present report and express to the Governments concerned its observations indicated in Annex V to the present report.

(Decision 37/37)

(ii) 2002 work programme amendments of UNEP

67. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 57 and 58), the Executive Committee decided to approve UNEP's 2002 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/37/26, with the amendments below, at the level of funding indicated in Annex II to the present report.

(Decision 37/38)

Algeria: Renewal of institutional strengthening
Burundi: Renewal of institutional strengthening
Fiji: Renewal of institutional strengthening
Gabon: Renewal of institutional strengthening
Maldives: Renewal of institutional strengthening
Nepal: Renewal of institutional strengthening
Peru: Renewal of institutional strengthening
Saint Lucia: Renewal of institutional strengthening
Togo: Renewal of institutional strengthening

68. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 59), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex II to the present report and express to the Governments concerned its observations indicated in Annex V to the present report.

(Decision 37/39)

Policy and technical assistance for Cameroon, Dominican Republic, Kenya, Niger, and Oman (US $50,000)

69. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 60 and 61), the Executive Committee decided to approve the above proposal at a level of funding of US $10,000 per country, on the

understanding that UNEP would be permitted to divert the required funding for the projects from the unspent salary component of the CAP, and also that:

(a) In the light of the compelling case of the countries concerned, and the fact that the CAP was in an initial stage, policy and technical assistance under the project would be provided to those countries only;

(b) In the future, the kind of assistance specified would be provided directly by staff employed under the UNEP CAP, and with related CAP travel resources.

(Decision 37/40)

(iii) 2002 work programme amendments of UNIDO

70. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 62 and 63), the Executive Committee decided to approve UNIDO's 2002 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/37/27, with the amendments below, at the level of funding indicated in Annex II to the present report.

(Decision 37/41)

Mexico: Renewal of the institutional strengthening project

71. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 64), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report and express to the Government of Mexico its observations indicated in Annex V to the present report.

(Decision 37/42)

Brazil: Preparation of a sectoral phase-out plan in the methyl bromide sector

72. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 65 and 66), the Executive Committee decided to defer approval of the above proposal, on the understanding that:

(a) The project would be reformulated by UNIDO to comprise only an assessment of the consumption of methyl bromide in Brazil, without involving the preparation of any project proposal for methyl bromide phase-out;

(b) The costs of the project proposal should be much less than the US $75,000 indicated by the representative of UNIDO at the Meeting;

(c) The reformulated project would be resubmitted to the Executive Committee at its 38th Meeting for approval.

(Decision 37/43)

South Africa: Preparation of a sectoral phase-out plan in the methyl bromide sector

73. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 67 to 69), the Executive Committee decided not to approve the above proposal for funding until a Meeting of the Parties had clarified South Africa's eligibility for such support.

(Decision 37/44)

74. One representative, understanding that the Ozone Secretariat or a member thereof had prepared a legal paper on this subject, indicated his interest in receiving a copy of that paper for analysis.

(iv) 2002 work programme amendment of the World Bank

75. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 70 and 71), the Executive Committee decided to approve the World Bank's 2002 work programme amendment, as contained in document UNEP/OzL.Pro/ExCom/37/28, at the level of funding indicated in Annex II to the present report.

(Decision 37/45)

(d) Investment projects

(i) Projects recommended for blanket approval

76. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 72 and 73), the Executive Committee decided to approve the projects submitted for blanket approval as contained in document UNEP/OzL.Pro/ExCom/SCPR/26/2/Rev.1, at the level of funding indicated in Annex II to the present report, with the conditions included in the corresponding Project Evaluation Sheets, where applicable.

(Decision 37/46)

(ii) Projects for individual consideration

Foam sector

Iran: Phasing out of ODS in the manufacture of flexible slabstock foam through the use of liquid CO_2 blowing technology at Esfanj Shirvan Co. (UNIDO) (UNEP/OzL.Pro/ExCom/37/41 and Add.1/Rev.1)

77. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 74 and 75), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report.

(Decision 37/47)

Fumigant sector

Chile: Phase-out of methyl bromide in tomatoes and peppers production (World Bank) (UNEP/OzL.Pro/ExCom/37/31)

78. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 76 and 77), the Executive Committee decided not to approve the above project.

(Decision 37/48)

Georgia: Phase-out of methyl bromide for soil fumigation (UNIDO) (UNEP/OzL.Pro/ExCom/37/37 and Add.1)

79. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 78 and 79), the Executive Committee decided to approve the above project, at the level of funding indicated in Annex II to the present report, on the understanding that it was a technical assistance programme that would achieve a phase-out of six ODP tonnes of methyl bromide, representing the entire consumption for soil fumigation.

(Decision 37/49)

Honduras: Phase-out of methyl bromide in melon and banana production sector and tobacco seedling (UNIDO) (UNEP/OzL.Pro/ExCom/37/38 and Add.1)

80. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 80 and 81), the Executive Committee decided:

(a) To approve US $1,977,454, excluding agency support costs, for the phase-out of 213 ODP tonnes of methyl bromide, to achieve a 25 per cent reduction in the methyl bromide baseline consumption by 2005;

(b) To note that the Government of Honduras undertook to permanently sustain this reduction in the consumption of methyl bromide through implementation of the project and the use of import restrictions and other policies that it might deem necessary;

(c) To request UNIDO to report to the Executive Committee once the project had been completed and the phase-out under the project had been achieved;

(d) To note that the Executive Committee would consider additional funding of the project for Honduras at that time, if it determined that an additional reduction was a priority.

(Decision 37/50)

Egypt: Phase-out of the use of methyl bromide in grain storage (UNIDO) (UNEP/OzL.Pro/ExCom/37/36)

81. Having considered the comment of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 82), the Executive Committee noted that the issue with the project was the implementation time and that the project was not approved as per Decision 37/20(b).

Refrigeration sector

Indonesia: Sector phase-out plan for elimination of CFCs in the refrigeration (manufacturing) sector (UNDP) (UNEP/OzL.Pro/ExCom/37/40 and Add.1 and Corr.1)

82. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 83 to 85), the Executive Committee decided:

(a) To approve the above project in principle, at a total cost of US $6,398,000 excluding agency support costs, in accordance with the agreement between the Government of Indonesia and the Executive Committee contained in Annex VI to the present report;

(b) To approve funding for the first implementation programme as indicated in Annex II to the present report.

(Decision 37/51)

Solvent sector

Korea, DPR: Conversion of cleaning processes from CTC to aqueous and solvent cleaning techniques at Huichon February 26 Factory (HUI) (UNIDO) (UNEP/OzL.Pro/ExCom/37/44)

83. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 86 and 87), the Executive Committee decided to approve the above project at the level of funding indicated in Annex II to the present report.

(Decision 37/52)

Sterilants sector

Mexico: Sterilisation group project to replace CFC-12 technology-based sterilisation equipment by alternative technologies in the hospital medical sterilisation sector (World Bank) (UNEP/OzL.Pro/ExCom/37/48)

84. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 88 and 89), the Executive Committee decided to note the deferral of the above project until the 38th Meeting, pending resolution of the outstanding issues.

(Decision 37/53)

Sector strategies and plans

Brazil: National CFC phase-out plan (UNDP and Germany) (UNEP/OzL.Pro/ExCom/37/30 and Add.1 and Add.2)

85. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 90 and 91), the Executive Committee decided:

(a) To approve the above project in principle at a total cost of US $26.7 million, excluding agency support costs, in accordance with the agreement between the Government of Brazil and the Executive Committee contained in Annex IV to the present report;

(b) To approve funding for the first implementation programme as indicated in Annex II to the present report.

(Decision 37/54)

86. The Executive Committee pointed out that with the approval of the project, the second-largest consumer of CFCs in the world was now ready to phase them out. That was a major milestone in the Executive Committee's work. In that regard, the Executive Committee congratulated the Government of Brazil and UNDP for their hard efforts, and thanked the Fund Secretariat for its help in enabling approval of this important project.

China: Sector plan for phase-out of ODS in the process agent sector (World Bank) (UNEP/OzL.Pro/ExCom/37/32)

87. Having considered the comments of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 para. 92), the Executive Committee noted the deferral of the sector plan pending the resolution of issues referred to in Decision 37/20(c).

China: Sector plan ODS final phase-out: domestic refrigeration and domestic refrigeration compressors (UNIDO and Italy) (UNEP/OzL.Pro/ExCom/37/32)

88. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 93 and 94), the Executive Committee decided to note that the project had been deferred.

(Decision 37/55)

India: Sector plan for phasing out of CTC consumption in the chlorinated rubber sub-sector (World Bank) (UNEP/OzL.Pro/ExCom/37/39 and Add.1)

89. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 95 and 96), the Executive Committee decided to defer consideration of the above project, pending the resolution of outstanding issues.

(Decision 37/56)

India: Sectoral phase-out plan for elimination of CFCs in the foam sector (UNDP) (UNEP/OzL.Pro/ExCom/37/39 and Add.1)

90. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 97 and 98), the Executive Committee decided:

(a) To approve the above project in principle, at a total cost of US $5,424,577 excluding agency support costs, in accordance with the agreement between the Government of India and the Executive Committee contained in Annex VII to the present report;

(b) To approve funding for the first implementation programme as indicated in Annex II to the present report.

(Decision 37/57)

Jamaica: Terminal phase-out management plan for CFCs (UNDP and Canada) (UNEP/OzL.Pro/ExCom/37/42)

91. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 99 and 100) and the related policy decision taken under agenda item 10 on refrigerant management plans and terminal phase-out management plans (Decision 37/70), the Executive Committee decided to approve the UNDP component of the above project at the level of funding indicated in Annex II to the present report, in accordance with the agreement between the Government of Jamaica and the Executive Committee contained in Annex III to the present report.

(Decision 37/58)

Deadline for submission of multi-year agreements

92. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 101 and 102), the Executive Committee decided for future meetings that, if a final draft of an agreement which represented an essential component of a phase-out project had not been submitted for the consideration of the Sub-Committee on Project Review by the close of business on the second day of its deliberations, then approval of the project concerned would be deferred until a subsequent meeting.

(Decision 37/59)

(e) Status report on liquid carbon dioxide (LCD) technology and guidelines for LCD projects

93. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 103 and 104), the Executive Committee decided to take note of the status report.

(Decision 37/60)

(f) Draft guidelines for metered dose inhaler (MDI) projects

94. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 105 and 106), the Executive Committee decided:

(a) To take note of the draft guidelines;

(b) To request members of the Executive Committee to submit comments on the issue to the Secretariat in time for a further discussion at the 40th Meeting of the Executive Committee;

(c) In the meantime, to allow consideration of some projects on a case-by-case basis, taking into account the relative need of the country to have an MDI project to ensure compliance, the relative cost-effectiveness of the project and the possibility that essential use applications for MDIs might be considered by the Parties as early as 2008.

(Decision 37/61)

(g) Funding of technology that is not in the public domain: follow-up to Decision 36/52

95. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 107 to 109), the Executive Committee decided:

(a) To take note with appreciation of the report of the consultants prepared for the Secretariat (UNEP/OzL.Pro/ExCom/37/59);

(b) To request members of the Executive Committee to provide the Secretariat with their comments on the views expressed in the report and the comments received from the World Intellectual Property Organization (WIPO);

(c) To request the Secretariat, in consultation with the implementing agencies, to draft guidelines for the financing of projects using such technology, including the protection as well as the use of the related confidential information for project review on a need-to-know basis, and submit them to the Committee for its approval;

(d) In doing so, to seek the advice of the Technology and Economic Assessment Panel on their experience in dealing with commercially sensitive or confidential information, and other aspects of TRIPS;

(e) To request the Secretariat to report on the matter at its 40th Meeting.

(Decision 37/62)

(h) Report by UNEP on the progress made in the implementation of the Compliance Assistance Programme (CAP) (submitted by UNEP DTIE)

96. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 110 to 113), the Executive Committee decided to take note of the interim report.

(Decision 37/63)

(i) A review of the policy and use of administrative fees at the World Bank (a report from the World Bank)

97. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/37/22 paras. 114 to 117), the Executive Committee decided to continue examining the possibility of an administrative budget for the implementing agencies.

(Decision 37/64)

AGENDA ITEM 7: COUNTRY PROGRAMMES

98. The representative of UNEP introduced the country programmes for Djibouti, Kuwait and Kyrgyzstan, contained in documents UNEP/OzL.Pro/ExCom/37/61, UNEP/OzL.Pro/ExCom/37/62 and UNEP/OzL.Pro/ExCom/37/63. He noted that with the country programme of Kyrgyzstan, UNEP had participated in 100 country programmes of which 92 had been with the Multilateral Fund and eight had been with GEF.

99. In the ensuing discussion, UNEP was congratulated on its work with low-volume-consuming countries and one representative asked for clarification on the listing of

two agencies under the heading of lead agency on the country programme cover sheet. The representative of the Fund Secretariat explained that a refrigerant management plan also had to be included when a country programme was being submitted for a low-volume-consuming country, and that it was UNEP's practice to work with another agency on this.

100. Following the discussion, the Executive Committee decided:

(a) To approve the country programmes of Djibouti, Kuwait and Kyrgyzstan, noting that approval of the country programmes did not denote approval of the projects identified therein or their funding levels;

(b) To request the Governments of Djibouti, Kuwait and Kyrgyzstan to present information annually to the Executive Committee on progress made in the implementation of their country programmes, in accordance with the decision of the Executive Committee on the implementation of country programmes (UNEP/OzL.Pro/ExCom/10/40, para. 135), noting that using the approved format, the initial report, covering the period 1 August 2002 to 31 December 2003, should be submitted to the Fund Secretariat no later than 1 May 2004.

(Decision 37/65)

AGENDA ITEM 8: SELECTION OF OPTIONS PURSUANT TO DECISION 35/57

101. The Chief Officer drew the attention of the Meeting to document UNEP/OzL.Pro/ExCom/37/64. He stated that the document was for the information of the members of the Executive Committee, to request guidance on India's consumption under the option it had chosen and the countries that had not selected an option to determine their remaining national aggregate consumption of CFCs. He referred to the annexes to document UNEP/OzL.Pro/ExCom/37/64, which listed, respectively, the countries with a confirmed starting point; those with an unconfirmed starting point; those with pending starting points, and five countries which had calculated starting points and were additional to the 99 originally covered in document UNEP/OzL.Pro/ExCom/35/61 and Corr.1. The Chief Officer explained that the Secretariat was examining with Argentina an issue relating to 44 ODP tonnes, which might entail an amendment to Argentina's starting point. He also informed the Meeting that Indonesia had requested to change the option it had chosen, but the data submitted with the request were different from the figures calculated in document UNEP/OzL.Pro/ExCom/35/61, and therefore Indonesia should be removed from Annex I.

102. Following a discussion, the Executive Committee decided:

(a) To take note with appreciation of the countries listed in Annex I of document UNEP/OzL.Pro/ExCom/37/64 as amended;

(b) To agree to the request of India to change its starting point data to a figure of 2317.2 ODP tonnes;

(c) For countries that had not made or confirmed their final selection of an option:

(i) to set a deadline for selection at eight weeks prior to the meeting at which the country concerned intended to submit a project for consideration by the Executive Committee;

(ii) automatically to apply Option 1 if such a country submitted a project without making a selection;

(iii) notwithstanding sub-paragraphs (i) and (ii) above, to consider requests from countries at risk of non-compliance;

(iv) to request the Secretariat to assist those countries that were having technical difficulties in making their selection;

(d) To take note of the five additional countries in Annex IV to document UNEP/OzL.Pro/ExCom/37/64.

(Decision 37/66)

AGENDA ITEM 9: FURTHER ACTIONS TO IMPLEMENT THE FRAMEWORK FOR THE STRATEGIC PLANNING OF THE MULTILATERAL FUND, FOLLOW-UP TO DECISION 36/53:

(a) Guidelines for the preparation, implementation and management of performance-based substance-wide and national ODS phase-out agreements/plans

103. Introducing the item, the Chief Officer drew attention to the report prepared by the Secretariat in response to Decision 36/53, entitled "Guidelines for the preparation, implementation and management of performance-based substance-wide and national ODS phase-out agreements/plans" (UNEP/OzL.Pro/ExCom/37/65). In the introduction to that document, it was explained that the Secretariat had prepared a first draft of the guidelines and had invited Parties and agencies to provide their comments. He noted that none of the members of the Executive Committee had sent comments on the draft report, and that only one bilateral agency and three implementing agencies had done so.

104. The four main parts of the report covered: the purpose, applicability and definition, composition and deadline for submission; contents of a performance-based ODS phase-out proposal; contents of the agreement for performance-based phase-out plan: and, in tabular format, a description of the implementation of the performance-based ODS phase-out plan. He stressed the fact that the guidelines set out in the report were of a general nature only, and did not attempt to cover the specific situation of each individual Article 5 country. He commended the draft guidelines to the current Meeting of the Executive Committee for consideration and possible adoption.

105. Many representatives expressed gratitude to the Secretariat for the good work carried out in preparing the draft guidelines, which several considered to be a good basis for adoption. A number of representatives underlined their view that the guidelines were non-binding in nature and that they needed to be flexible and adaptable to countries' and sectors' specific needs and situations.

106. Several representatives sought further clarification of specific paragraphs of the report, and made concrete proposals for amendments and additions. The major issues raised by representatives concerned, among others, the following elements of the draft guidelines: the need for the agreement to contain a specific provision concerning flexibility; the period for the deadline for submissions of a prepared plan for review by the Secretariat (see UNEP/OzL.Pro/ExCom/37/65, paragraph 10); the issue of consumption data in the calculation of eligible incremental cost (see UNEP/OzL.Pro/ExCom/37/65, Part II) and the question of how to assess the impact of non-investment activities (see UNEP/OzL.Pro/ExCom/37/65, paragraph 24); the independent verification of the achievement of performance targets (see UNEP/OzL.Pro/ExCom/37/65, paragraph 40); and the provisions for failing to honour commitments, with regard to both countries and the Executive Committee (see UNEP/OzL.Pro/ExCom/37/65, paragraph 41). One representative pointed to the need to determine how the review would be costed and how the hiring of consultants or the sending of field missions would be funded.

107. The Chief Officer explained that, concerning the deadline for submission of plans or agreements for approval, the Secretariat needed adequate time to undertake the required thorough review of the often lengthy and complicated documentation, in preparation for submission to the Executive Committee. With regard to data, any strategy for phase-out contained in the plan had to be based on the latest verified and verifiable consumption data, where possible from a divergence of sources. He said that, in addressing the impact of the non-investment component of the plans/agreements, no criteria existed for determining the impact of elements such as management fees and capacity-building costs. There was a need to rationalize that process, otherwise negotiations would be on a case-by-case basis, which ran counter to the concept of standardization. In that connection, he stressed that, while having a standardized format of the agreements or plans, it was still possible to make allowances for the special individual aspects of sectors or countries. Such standardization was also a valuable tool for the future monitoring and evaluation of the agreements or plans.

108. Concerning independent verification, in the past that had been a standard inclusion in the agreements approved by the Executive Committee and had been undertaken by the implementing agencies concerned, although the Executive Committee reserved the right to commission an independent evaluation itself. With regard to the honouring of commitments, he drew attention to the fact that the draft guidelines contained no provision for a failure of the Executive Committee to meet its funding commitments, for example due to lack of resources, and noted the need for guidance in such a case.

109. Following the discussion the Executive Committee decided:

(a) To convene, back-to-back with the 38th Meeting of the Executive Committee and prior to it, an informal meeting of a working group to consider revised draft guidelines for the preparation, implementation and management of performance-based substance-wide and national phase-out agreements/plans, on a paragraph-by-paragraph basis, in an endeavour to resolve outstanding issues prior to their submission to the Executive Committee;

(b) To invite all interested members of the Committee, as well as representatives of the implementing agencies, to participate in the meeting, under the Chairmanship of the representative of Japan;

(c) To request the Secretariat, as preparation for that meeting:

(i) to compile a revision of document UNEP/OzL.Pro/ExCom/37/65 containing, within the specific paragraphs concerned, the bracketed proposals for addition and amendment made at the current Meeting and, after the specific paragraphs concerned, the requests for clarification made and the responses of the Secretariat;

(ii) to circulate the revised document to all members of the Executive Committee, soliciting their comments thereon, to be submitted to the Secretariat by 19 August 2002;

(iii) on the basis of the feedback received, to prepare a new version of the revision, for submission to the informal meeting of the working group.

(Decision 37/67)

(b) Business planning

(i) Resource planning

(ii) Resource allocation

110. In its deliberations, the Executive Committee considered the two above sub-items together.

111. In introducing the proposal for further actions to implement the framework for the strategic planning of the Multilateral Fund, undertaken by the Secretariat as a follow-up to Decision 36/53 (UNEP/OzL.Pro/ExCom/37/66 and Corr.1), the Chief Officer explained that the document was divided into four parts, the first of which presented a compliance-oriented model for the 2003-2005 triennium. The second part presented both background on planning and proposed modifications for planning in the next triennium, while part three examined the issue of the current system of fixed shares for the implementing agencies and the appropriateness of introducing an alternative based on an administrative budget for the implementing agencies and a bidding process. Part four contained a list of draft recommendations that drew upon the previous three sections.

112. A representative of the Secretariat explained the model, explaining that is was based on the need to maximize the resources of the Fund, given the current level of funding and the number of pre-committed resources for future years. In developing its model, the Secretariat had considered: the need to reduce the production and consumption of ODS according to the phase-out schedule; the current level of consumption in Article 5 countries; the remaining CFC consumption eligible for funding from the Multilateral Fund; the ODS phase-out arising from the implementation of the performance-based multi-year agreements and the average time-frame for project implementation. The representative of the Secretariat also noted that the model covered all the main controlled substances under the Montreal Protocol, with the exception of halon.

113. Issues raised during the discussion included: the appropriate length of the planning period; the impact of multi-year projects on the planning and resource allocation process; the establishment of administrative budgets for implementing agencies as an alternative to fixed shares, which was a subject that required consultation with the agencies; the need to support coordination among the implementing agencies; and the implications of the proposed bidding concept.

114. Some representatives considered that a bidding concept for resource allocation might interfere with country ownership of the phase-out process, and hinder cooperation among implementing agencies. Bidding by countries to obtain funds to maintain ODS phase-out momentum, once amounts to meet compliance had been allocated, was also seen as a potential source of undesirable competition and political difficulties. Nevertheless, the need to rise to the challenge of finding new resource allocation modalities under the Multilateral Fund's new compliance-driven, country-driven approach meant that the concept should continue to receive consideration, alongside other possible alternative concepts.

115. Following the discussion, the Executive Committee decided:

(a) To adopt document UNEP/Ozl.Pro/ExCom/37/66 and Corr.1, in addition to document UNEP/Ozl.Pro/ExCom/37/18 and Corr.1, as a flexible guide for resource planning for the 2003-2005 triennium;

(b) To request the Secretariat to prepare, in collaboration with implementing agencies, bilateral agencies and Article 5 countries, a model rolling three-year phase-out plan for the Multilateral Fund, taking into account the results generated by the compliance-oriented model as included in Annex I to document UNEP/Ozl.Pro/ExCom/37/66 and Corr.1, as well as UNEP/Ozl.Pro/ExCom/37/18 and Corr.1;

(c) To request the Secretariat in collaboration with bilateral agencies and the implementing agencies to assess the feasibility of replacing or changing the current system of project support costs by providing the agencies with administrative budgets together with a reduced rate of support costs for individual activities, and report to the 38th Meeting of the Executive Committee, it being understood that total administration costs would not exceed existing total administrative costs;

(d) To note that interested countries would produce conference room papers on the bidding concept and on alternative concepts for resource allocation, for consideration at the 38th Meeting of the Executive Committee.

(Decision 37/68)

(c) Work of the Executive Committee

116. The Chair noted that this sub-item related to the need to consider changes in the work of the Executive Committee that would become necessary as a result of decisions that might be taken further to the discussions of the Committee on the issues raised in the previous sub-items under agenda item 9.

117. During the discussion there was broad recognition that, in view of the fact that the Multilateral Fund was entering a new era, with a more strategic approach and a focus on compliance, changes in the work of the Executive Committee would be necessary. One representative pointed out that the Executive Committee was approving more national phase-out plans, which would have to be monitored. He also considered that there was a need to orient the work of the Committee towards strategic planning and policy direction, leaving debate on technical issues to the Sub-Committees or ad hoc groups.

118. Concerning the possibility of holding two rather than three meetings of the Executive Committee per year, one representative, speaking in support of the proposal, stated that the proposal would increase the length of each meeting and considered that such a change should be further examined in terms of its implications for the business plan cycle, as well as possibilities of adopting the annual business plan prior to its implementation. A number of representatives considered that it would be premature to introduce any changes into the schedule of meetings of the Executive Committee at this point in time.

119. Following the discussion, the Executive Committee decided to request the Secretariat to prepare proposals, for consideration by the Executive Committee at its 39th Meeting, on how to re-organize the work within the Sub-Committee on Project Review and the Sub-Committee on Monitoring, Evaluation and Finance, for the monitoring of national phase-out plans and ensuring compliance through those plans.

(Decision 37/69)

AGENDA ITEM 10: REFRIGERANT MANAGEMENT PLANS AND TERMINAL PHASE-OUT MANAGEMENT PLANS (DECISION 36/6)

120. The Chair drew the attention of the meeting to document UNEP/OzL.Pro/ExCom/37/68, which raised the issue of whether RMP activities included in business plans could be submitted as new terminal phase-out management plans if countries requested agencies to do so. He pointed out that the issue impacted projects submitted to the present Meeting with regard to Jamaica, Mauritius and Namibia.

121. Following a discussion, the Executive Committee decided:

(a) To request the Secretariat, in collaboration with the implementing agencies and interested Executive Committee members to prepare a document on the issue, taking account of the content of Decision 31/48, for consideration at the 38th Meeting;

(b) To endorse the recommendations of the Sub-Committee on Project Review relating to project proposals submitted for funding to the current Meeting with regard to the terminal phase-out plan for Jamaica, and preparation of terminal phase-out plans for Mauritius and Namibia.

(Decision 37/70)

122. One representative expressed the view that the approval of project preparation for Mauritius, Namibia and Zimbabwe by the Executive Committee at the current meeting should not be understood as implying its automatic approval of the subsequent project proposals at a future meeting.

AGENDA ITEM 11: PRODUCTION SECTOR

123. The Chief Officer introduced an update on developments in the ODS production sector since the 36th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/37/69).

124. The Chief Officer noted that since the circulation of the document there had been two developments. The Consultant would visit Mexico for the technical audit from 22 to 26 July 2002, and the Secretariat was expecting Venezuela’s completed questionnaire by the end of July 2002. Four invitations for bids had been sent to consulting firms to undertake technical audits of carbon tetrachloride (CTC) and methylchloroform (TCA) production in China and of production of CTC in India. The Chief Officer noted that the recommendation in document UNEP/OzL.Pro/ExCom/37/69 was a requirement under the Montreal Protocol and the information was needed to enable the consultant to design a questionnaire before field audits could start.

125. The representative of China noted that China was cooperating with the World Bank on CTC and TCA production and that progress had been made on processing. He also asked for the Secretariat’s help in breaking down its production numbers into feedstock and other uses. One representative noted that CTC use in India was being reviewed and that India should be able to present more information on that in the future.

126. Following the discussion, the Executive Committee decided to request China and India to provide to the Secretariat the data on the breakdown of CTC production between feedstock and other uses.

(Decision 37/71)

AGENDA ITEM 12: REPORT OF THE CHAIRMAN OF THE EXECUTIVE COMMITTEE ON THE IMPLEMENTATION OF DECISION 36/57

127. The Chief Officer chose to leave the meeting during the consideration of item 12.

128. The Chair informed the Executive Committee that, in accordance with Decision 36/57, the comments of the Committee at its last meeting on the extension of the contract of the Chief Officer of the Secretariat of the Multilateral Fund had been conveyed to the Executive Director of UNEP. In response, a letter had been received from the Office of the Executive Director of UNEP which read as follows:

> " … due to the unique nature of the request, the Executive Director has requested the Office of Human Resources Management Services in New York for a legal opinion on the applicability of UN staff rules related to mandatory requirement age to this post. Please note that as soon as we receive this information, Dr. Töpfer will respond to you."

129. Some representatives considered that the failure of UNEP to provide a definitive response on the matter in a timely manner was unacceptable and requested the Chair to maintain contact with UNEP to ensure that the matter was addressed expeditiously. Noting that the matter remained at the exploratory stage, the Chair agreed to follow up with UNEP and said that he hoped to be able to provide a definitive answer to the Committee at its next Meeting.

AGENDA ITEM 13: OTHER MATTERS

Communication Strategy for Global Compliance with the Montreal Protocol

130. Pursuant to Executive Committee decision 34/35, the representative of UNEP presented the document UNEP/OzL.Pro/ExCom/37/Inf.2, Communication Strategy for Global Compliance with the Montreal Protocol.

131. He briefly described the document's five sections, covering: the background of the communication strategy; the history of ozone communications; lessons learned from other communication strategies; a strategic analysis of the challenges of communicating about ozone issues; and the communications strategy itself, with its goals and objectives, priority target audiences, priority countries, key messages and the most effective way of communicating those messages. He also drew Executive Committee members' attention to the three country case studies annexed to the document. He said that UNEP sought the Executive Committee's guidance on finalizing the document and putting it into operation.

132. Several representatives congratulated UNEP on the preparation of the Communication Strategy, which was considered to be a valuable and important exercise during the compliance phase, particularly for Article 5 countries. Some representatives said that they wished to give the document further consideration before providing their endorsement. Issues discussed included sources of funding for awareness-raising; the need to use concrete messages that commanded attention; the usefulness of online communication for awareness-raising, without disregarding

non-electronic means of communication; the desirability of linking ozone depletion to other environmental issues, such as climate change, in the communication strategy; and the need for the strategy to highlight the successes of the Montreal Protocol and the Multilateral Fund as a body providing international support for initiatives at the country level, without detracting from the urgency of the issue and giving the impression that the problem of ozone depletion had been solved.

133. The Japanese delegation reiterated its view that there is a need for raising public awareness not only in the Article 5 countries but also in the non-Article 5 countries in view of the importance of mobilizing public support for the funding of the activities under the Montreal Protocol. In this respect, increased interactions of NGOs in the former countries with those of the latter would present greater opportunities for the former to draw upon the experience of the industrialized countries in I.E.C. as well as for the latter to better understand the global tasks tackled by Article 5 countries in the compliance period.

134. Following the discussion, the Executive Committee decided:

(a) To take note of the Communication Strategy for Global Compliance with the Montreal Protocol (UNEP/OzL.Pro/ExCom/37/Inf.2) presented by UNEP;

(b) To encourage UNEP to continue its work, taking into account the comments made during the meeting, and submit a revised version of the Communication Strategy for consideration at the 38th Meeting of the Executive Committee.

(Decision 37/72)

Dates and place of the 38th Meeting of the Executive Committee

135. The Executive Committee decided that the 38th Meeting of the Executive Committee would be held in Rome from 20 to 22 November 2002, 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 18 and 19 November 2002. The 38th Meeting of the Executive Committee would be preceded by a meeting of the working group to consider revised draft guidelines for the preparation, implementation and management of performance-based substance-wide and national phase-out agreements/plans, to be held at the same venue on 17 November 2002.

(Decision 37/73)

AGENDA ITEM 14: ADOPTION OF THE REPORT

136. The Executive Committee adopted the present report on Friday, 19 July, 2002 on the basis of the draft report contained in documents UNEP/OzL.Pro/ExCom/37/L.1 and Add.1 and Add.2.

AGENDA ITEM 15: CLOSURE OF THE MEETING

137. Following the customary exchange of courtesies, the meeting rose at 4:15 p.m. on Friday, 19 July 2002.