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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fourth Meeting
Montreal, 18-20 July 2001

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

Introduction

1. The 34th 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 18 to 20 July 2001, and was preceded by the Twenty-third Meeting of the Sub-Committee on Project Review and the Fourteenth Meeting of the Sub-Committee on Monitoring, Evaluation and Finance, held concurrently at the same venue from 16 to 18 July 2001.

2. The meeting was attended by representatives of the following countries members of the Executive Committee, in accordance with Decision XII/4 of the 12th Meeting of the Parties to the Montreal Protocol:

- (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Australia, Finland, Germany (Chair), Japan, Netherlands, Poland and United States of America;
- (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Colombia, Dominican Republic, India, Jordan, Malaysia, Nigeria and Tunisia (Vice-Chair).

3. In accordance with the decisions taken by the Executive Committee at its Second and Eighth Meetings, representatives of the United Nations Development Programme (UNDP), the

United Nations Environment Programme (UNEP), both as implementing agency and as Treasurer of the Fund, the United Nations Industrial Development Organization (UNIDO) and the World Bank attended the meeting as observers.

4. The President of the Bureau of the 12th Meeting of the Parties to the Montreal Protocol and representatives of the Ozone Secretariat were present.

5. The meeting was attended by a representative of the European Commission as an observer.

AGENDA ITEM 1: OPENING OF THE MEETING

6. The meeting was opened at 10 a.m. on Wednesday, 18 July 2001, by the Chair, Mr. Heinrich Kraus (Germany), who welcomed participants.

AGENDA ITEM 2: ORGANIZATIONAL MATTERS

(a) Adoption of the agenda

7. On the basis of the provisional agenda contained in document UNEP/OzL.Pro/ExCom/34/1, as amended by the Chair, 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 14th Meeting of the Sub-Committee on Monitoring, Evaluation and Finance on:
 - (a) Status of the implementation of the fixed exchange-rate mechanism (Decision 32/2);
 - (b) 2000 accounts of the Multilateral Fund;
 - (c) Completed projects with balances;
 - (d) Project implementation delays;

- (e) Progress reports as at 31 December 2000:
 - (i) Consolidated progress report;
 - (ii) Progress report on bilateral cooperation;
 - (iii) Progress report of UNDP;
 - (iv) Progress report of UNEP;
 - (v) Progress report of UNIDO;
 - (vi) Progress report of the World Bank;
 - (f) Evaluation of the implementation of the 2000 business plans;
 - (g) Status of Article 5 countries in achieving compliance with the initial control measures of the Montreal Protocol, an analysis by the Fund Secretariat as per Decision 32/76;
 - (h) Report on evaluation of completed compressor projects in China.
6. Report of the 23rd Meeting of the Sub-Committee on Project Review on:
- (a) Issues identified during project review;
 - (b) Bilateral cooperation;
 - (c) Work programme amendments:
 - (i) Work programme amendments of UNDP;
 - (ii) Work programme amendments of UNEP;
 - (iii) Work programme amendments of UNIDO;
 - (iv) Work programme amendments of the World Bank;
 - (d) Investment projects;
 - (e) The use of the 13 per cent allowance for support costs (Decision 32/31).
7. Strategic planning: Proposals on implementing the framework on the objectives, priorities, problems and modalities for strategic planning of the Multilateral Fund in the compliance period (Decision 33/54).
8. Guidelines for the preparation of country programme updates (Decision 33/55).
9. Country programme: Lao People's Democratic Republic.

10. Production sector.
11. Status report on the study of alternatives to CFCs in rigid foam applications.
12. Concessional lending (Decision 33/59).
13. Other matters:
 - (a) Report of the Executive Committee to the 13th Meeting of the Parties;
 - (b) Report of the Executive Committee on process agents.
14. Adoption of the report.
15. Closure of the meeting.

(b) Organization of work

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

AGENDA ITEM 3: SECRETARIAT ACTIVITIES

9. The Chief Officer introduced the report on the various activities undertaken by the Secretariat since the 33rd Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/34/2).

10. Noting that a contract had been awarded for the preparation of the study of alternatives to CFCs, pursuant to Decision 31/49, he requested the representatives of the Article 5 countries present to ensure that their National Ozone Units completed the questionnaire that the consultant would be sending to them.

11. The Chief Officer drew attention to various meetings in which the Secretariat had participated, including a meeting with the Associate Administrator and senior staff of UNDP and the Deputy Executive Director of UNOPS.

12. Together with the Chair and the Vice-Chair, the Chief Officer had attended a meeting of the Ministers for the Environment of Burkina Faso, Niger, Senegal and Togo, held in Senegal and organized by the Fund Secretariat. The Ministers had drawn attention to the problems faced by their countries due to imports of second-hand appliances containing ODS from developed countries, the high cost of non-ODS appliances and the inadequacy of resources. In the course of a visit to Indonesia by the Chair and the Chief Officer, the Minister of the Environment had drawn attention to problems relating to dumping of second-hand equipment and illegal trade in CFCs, these and the recent economic crisis had caused Indonesia to postpone its target date for complete phase-out from 1997 to 2007.

13. Together with the Chair and the Vice-Chair, he had also attended the 26th meeting of the Executive Council of Arab Ministers Responsible for the Environment (Rabat, Morocco) to discuss the status of implementation of the Montreal Protocol by the Arab countries.

14. The Executive Committee took note with appreciation of the report on Secretariat activities.

AGENDA ITEM 4: STATUS OF CONTRIBUTIONS AND DISBURSEMENTS

15. The Treasurer introduced the report on the Status of the Fund and Contributions as at 18 June 2001, explaining that the fund balance of US \$79.45 million took into account transfers to the implementing agencies approved by the Executive Committee at its 33rd Meeting, as well as the loss due to implementation of the fixed exchange-rate mechanism. The Treasurer announced that Denmark, the Czech Republic and Portugal had made contributions since 18 June 2001, and that this information would be reflected in the status of contributions and disbursements attached as Annex I to the present report. The representative of Japan also informed the Executive Committee that Japan would be able to pay its 2001 contribution in full by the end of July 2001.

16. The Executive Committee decided to take note with appreciation of the Treasurer's report (UNEP/OzL.Pro/ExCom/34/3) and the status of contributions and disbursements attached as Annex I to the present report.

(Decision 34/1)

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

17. The representative of Finland, Chair of the Sub-Committee on Monitoring, Evaluation and Finance (composed of Australia, Dominican Republic, Finland, Jordan, Netherlands, Nigeria and Poland) introduced the report of the Sub-Committee on its 14th Meeting, held in Montreal from 16 to 18 July 2001 (UNEP/OzL.Pro/ExCom/34/4), which contained the Sub-Committee's recommendations on the following issues:

(a) Status of the implementation of the fixed exchange-rate mechanism (Decision 32/2)

18. Having considered the recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 7), the Executive Committee took note with appreciation of the update from the Treasurer (UNEP/OzL.Pro/ExCom/34/5), noting the loss hitherto to the Multilateral Fund due to the fixed exchange-rate mechanism.

(b) 2000 accounts of the Multilateral Fund

19. Having considered the recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 9), the Executive Committee took note of the accounts of the Multilateral Fund for the years 1991-1999 and the certified accounts for the year 2000 (UNEP/OzL.Pro/ExCom/34/6).

(c) Completed projects with balances

20. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 11), the Executive Committee decided:

- (a) To note the reports on completed projects with balances submitted by UNDP, UNIDO and the World Bank contained in document UNEP/OzL.Pro/ExCom/34/7 and Corr.1 and the report by UNEP;
- (b) To request UNIDO and the World Bank, at the 35th Meeting, to specify a date on which funds would be returned for those projects where no date was specified, pursuant to Decision 33/11(b);
- (c) To note the levels of funds being returned to the 34th Meeting as indicated below:

Agency	Funds from completed projects (US\$)	Funds from cancelled projects (US\$)	Total funds to be returned to the 34th Meeting (US\$)
UNDP	538,000	600,304	1,138,304
UNEP	95,751	0	95,751
UNIDO	311,967	396,773	708,740
World Bank	1,744,475	2,975,712	4,720,187
TOTAL	2,690,193	3,972,789	6,662,982

(Decision 34/2)

(d) Project implementation delays

21. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 13), the Executive Committee decided:

- (a) To note the reports on projects that had experienced implementation delays contained in document UNEP/OzL.Pro/ExCom/34/8;
- (b) To remove the projects contained in Annex II to the present report from the list of projects with implementation delays;
- (c) To continue to monitor the projects that had experienced implementation delays listed in Annex III to the present report, as required by Decision 33/10(c);
- (d) Also to continue to monitor, in future reports on implementation delays, those projects contained in Annex IV to the present report that had experienced some progress but had been approved over three years previously;

- (e) To confirm that implementing agencies could identify, after consultation with Article 5 countries, and present for consideration of the Executive Committee the root causes of delays more clearly;
- (f) Without prejudice to the existing policies and procedures for dealing with project implementation delays, to request the Secretariat to communicate to the implementing agencies and the governments of the Article 5 countries concerned that the projects listed in Annex V to the present report would be cancelled at the 35th Meeting if the indicated milestones were not met;
- (g) To request the Secretariat to send notices of deadlines for possible cancellation for the projects listed below and to request the relevant implementing agency to report on those projects to the 35th Meeting:
 - (i) “Umbrella Aerosol Small and Medium Industries project in Malaysia” (MAL/ARS/19/INV/85) (UNDP): deadline of 1 September 2001 for endorsement from Government on fillers and recommendation on the local entity to conduct safety audits;
 - (ii) “Phasing out CFC-11 at Sonopol in Cameroon” (CMR/FOA/23/INV/11) (UNIDO): deadline of 1 September 2001 for completion otherwise automatic return of full balance in progress report;
 - (iii) “Phasing out CFC-11 at Sud Inter Mousse flexible polyurethane foam plant in Tunisia” (TUN/FOA/23/INV/23) (UNIDO): deadline of 1 September 2001 for completion otherwise automatic return of full balance in progress report;
 - (iv) “Maharaja International refrigeration project in India” (IND/REF/22/INV/125): deadline of third quarter 2001 for the procurement of equipment for the project;
- (h) To cancel the following projects and to request the implementing agencies concerned to return the remaining balances:
 - (i) “Panamante refrigeration project in Brazil” (BRA/REF/25/INV/106) (UNIDO);
 - (ii) “Inaldes Multidimensionales foam project in Colombia” (COL/FOA/13/INV/10) (UNDP);
 - (iii) The Dahbour and Yajuz sub-projects of the “Third group of Jordanian commercial refrigerator manufactures project in Jordan” (JOR/REF/28/INV/52) and request UNIDO to return US \$73,375 from the approved capital and operating costs for the two sub-projects and their shared costs plus agency fees to the 35th Meeting;
 - (iv) “Epex foam project in Brazil” (BRA/FOA/28/INV/141) (UNIDO);

- (v) “Project preparation in the fumigant sector in Jamaica” (JAM/FUM/26/DEM/10) (UNIDO);
- (vi) “Project preparation in the refrigeration sector in Nicaragua” (NIC/REF/24/PRP/04) (UNIDO);
- (vii) “Project preparation in the aerosol sector in Philippines” (PHI/ARS/27/PRP/58) (UNIDO);
- (viii) “Project preparation in the refrigeration sector in Syria” (SYR/REF/18/PRP/12) (UNIDO);
- (ix) “Project preparation in the foam sector in Turkey” (TUR/FOA/31/PRP/67) (UNIDO);
- (x) “Elimination of CFCs in the Manufacture of Commercial Refrigeration Equipment at Amiral in Egypt” (EGY/REF/20/INV/59) (UNDP);
- (xi) “Implementation of a National Programme for Recovery and Recycling of Refrigerant in Tanzania” (URT/REF/22/TAS/08) (UNDP);
- (xii) “Implementation of a National Programme for Recovery and Recycling of Refrigerant in Central African Republic” (CAF/REF/20/TAS/05) (UNDP);
- (xiii) “Phasing out of CFC-12 by HFC-134a and CFC-11 by cyclopentane in the production of commercial refrigeration equipment at Refrigeracao Rubra in Brazil” (BRA/REF/23/INV/83) (UNIDO);
- (i) To request UNEP to complete the project “Training modules on management of ODS phase-out in SMEs” (GLO/SEV/19/TAS/112), together with the project “Study on the Development of ODS Phase-out Strategy for SMEs”, noting that the training modules would be based on the results of the SME strategy and completed afterwards;
- (j) Also to request all implementing agencies to ensure that future investment projects were not submitted until the Article 5 country’s government had verified that the ODS capacity of all recipient enterprises had been established before July 1995, consistent with the project eligibility criteria set out in Decision 17/7;
- (k) Further to request the Secretariat to send a letter to the Government of the United Republic of Tanzania regarding the project “Phasing out CFCs at Tanzania Domestic Appliance Manufacturers Ltd.” (URT/REF/18/INV/06) requesting guarantees that the company was in a position to make its counterpart contribution to the project and was ready to resume production of refrigerators before UNIDO sent the equipment for the project to the country.

(Decision 34/3)

(e) Progress reports as at 31 December 2000

(i) Consolidated progress report

22. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 15), the Executive Committee decided:

- (a) To note with appreciation the consolidated progress report of the Multilateral Fund contained in document UNEP/OzL.Pro/ExCom/34/9 and Corr.1;
- (b) To request the implementing agencies and bilateral donors to provide reports to the 35th Meeting on the projects with implementation delays indicated in Annex VI to the present report, and further elucidate their reasons for such delays, including any reasons linked to Executive Committee decisions.
- (c) To urge the following countries, for which ongoing projects had been delayed for over two years, to take action to expedite their projects' implementation: Bahamas, Bolivia, Botswana, Cameroon, Central African Republic, Egypt, Guyana, Kiribati, Marshall Islands, Mauritius, Mozambique, Papua New Guinea, Solomon Islands, Tuvalu, and Vanuatu;
- (d) To add a performance indicator for the timely submission of progress reports;
- (e) Also to add new entries for agency support costs, year of business plan, and whether or not the project was in the investment or non-investment allocation per project in the progress report database;
- (f) To request the World Bank to provide the support cost per project for all the projects approved up to the 16th Meeting by pro-rating the administrative costs approved up to that Meeting on an annual basis, while noting that any evaluation of agency support costs for the Bank would take into account the method by which support costs for the Bank were originally approved.

(Decision 34/4)

(ii) Progress report on bilateral cooperation

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

- (a) To note with appreciation the progress reports submitted by the Governments of Australia, Belgium, Canada, Finland, France, Germany, Japan, Sweden, the United Kingdom, and the United States of America, contained in document UNEP/OzL.Pro/ExCom/34/10;

- (b) To request the Government of Switzerland to provide its progress report to the 35th Meeting of the Executive Committee in the context of projects with implementation delays;
- (c) To note that the remaining balance of US \$7,378 from the “Conversion of CFC-based commercial refrigeration installations in the fishing industry in Mauritania” (MAU/REF/14/TAS/05) should be offset against future approvals of the Government of France;
- (d) Also to note that the remaining balance for the following German bilateral projects should be offset against future approvals: “Project preparation and technical assistance at Arnatoury S.A.R.L., Sin-El-Fil in Lebanon” (LEB/ARS/26/PRP/26) (US \$15,000) and “Project preparation for phasing out of ODS at the domestic refrigeration factory Fridgemaster in Zimbabwe” (ZIM/REF/26/PRP/16) (US \$25,000).

(Decision 34/5)

(iii) Progress report of UNDP

24. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 19), the Executive Committee decided:

- (a) To note with appreciation UNDP’s progress report contained in document UNEP/OzL.Pro/ExCom/34/11;
- (b) To request UNDP to provide the 35th Meeting with an additional status report, in the context of its report on projects with implementation delays, on the institutional strengthening project in Thailand, for which there had been delay by the Government in the disbursement of funds;
- (c) To note that UNDP would report to the 35th Meeting on 93 projects with implementation delays, including 27 projects that had been so classified in 2000;
- (d) To take the action indicated below on the following projects and to request an update on the projects at the 35th Meeting in the context of UNDP’s report on project implementation delays:
 - (i) “Al-sharif foam project in Egypt” (EGY/FOA/09/INV/10): set a deadline of December 2001 for project completion or return remaining balance;
 - (ii) “Bonano foam project in Argentina” (ARG/FOA/23/INV/61): set a deadline of November 2001 for project completion or return remaining balance;
 - (iii) “INCREAL refrigeration project in Brazil” (BRA/REF/23/INV/90): note that the project had been completed in July 2001;

- (iv) “Baoding Oil Depot & Storage Engineering Company Foam project in China” (CPR/FOA/23/INV/228): set a deadline of September 2001 or return remaining balance;
- (v) “Tianjin PUF foam project in China” (CPR/FOA/13/INV/074): set a deadline of September 2001 for resolution of the broken pipe issue or return remaining balance;
- (vi) “Polymermann foam project in India” (IND/FOA/22/INV/111): set a deadline of November 2001 for project completion or return remaining balance;
- (vii) “Herval foam project in Brazil” (BRA/FOA/25/INV/102): set a deadline of November 2001 for project completion or return remaining balance;
- (viii) “Kwan refrigeration project in Malaysia” (MAL/REF/23/INV/103): note that the June 2001 deadline for equipment installation had been met and set a deadline of September 2001 for project completion or return remaining balance;
- (ix) “ORCA foam project in Mexico” (MEX/FOA/23/INV/073): set a deadline of December 2001 for project completion or return remaining balance;
- (x) “ICL aerosol project in Sri Lanka” (SRL/ARS/18/INV/007): note that the project had been operationally completed and that the Hand-over Protocol would be signed in August 2001;
- (xi) “Alloychem aerosol project in Malaysia” (MAL/ARS/28/INV/064): set a deadline of September 2001 for project completion of local work or return remaining balance;
- (xii) “Alpine Cool foam project in Indonesia” (INS/FOA/20/INV/044): set a deadline of September 2001 for project completion or return remaining balance;
- (xiii) “P T Aneka Cool foam project in Indonesia” (INS/FOA/23/INV/065): set a deadline of September 2001 for project completion or return remaining balance;
- (xiv) “Rozen foam project in Argentina” (ARG/FOA/25/INV/076): note that the equipment would arrive in July 2001 and set a deadline of April 2002 for project completion or return remaining balance.

(Decision 34/6)

(iv) Progress report of UNEP

25. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 22), the Executive Committee decided:

- (a) To note with appreciation UNEP's progress report contained in document UNEP/OzL.Pro/ExCom/34/12;
- (b) To request UNEP to provide the 35th Meeting with additional status reports, in the context of its report on projects with implementation delays, on the institutional strengthening projects for which there had been delay in providing UNEP with progress and financial reports, including those in Dominica, Papua New Guinea, St. Vincent and the Grenadines, Uganda, and Western Samoa, while expressing concern that, for the second year, institutional strengthening projects in Papua New Guinea and Uganda had been so classified;
- (c) To note that UNEP had 88 projects classified with implementation delays, including 19 projects that had been so classified in 2000, and that a report on those projects would be submitted to the 35th Meeting;
- (d) Also to note that UNEP had confirmed that the following documents had been completed as planned:
 - (i) "Support to a national workshop on refrigeration in Kenya" (KEN/REF/10/TRA/05);
 - (ii) "Preparation of how-to-crop manual on adopting methyl bromide alternatives for cut flowers" (GLO/FUM/29/TAS/187);
 - (iii) "Develop a handbook on the practical use of policy instruments" (GLO/SEV/21/TAS/130);
 - (iv) "Technical sourcebook of methyl bromide alternatives" (GLO/FUM/23/TAS/150);
 - (v) "Update technology sourcebooks and quality review updated material" (GLO/SEV/16/TAS/76);
 - (vi) "Halon bank management case study logbook" (GLO/HAL/12/TAS/56);
- (e) To note that UNEP indicated that it would provide a completed copy of the brochure for the "Update existing technical brochure series to include 1994/95 TOC data" project (GLO/SEV/21/TAS/127) at the 35th Meeting, and that the brochure would include information on 1998/1999 TOC data;
- (f) Also to note that a CD Rom had been produced for the project "Prepare an inventory and assessment of environmentally sound and economically viable

technologies and know-how conducive to phase out of ODS” (GLO/SEV/19/TAS/106), but that the database portion remained, which UNEP indicated would be completed by the 36th Meeting;

- (g) To request UNEP to report on the development of RMPs for Bolivia (the RMP should be completed by 1 January 2002), Brunei (the memorandum of understanding had been signed), Haiti (national and international consultants had been identified), Liberia (national and international consultants had been identified), Maldives, Morocco (no Memorandum of Understanding had yet been signed), and Togo, at each meeting until the RMPs had been prepared and submitted to the Executive Committee;
- (h) Also to request the Secretariat to send a letter to Pacific Island Countries (PICs):
 - (i) Noting the ongoing and substantial delays with the Regional Pacific Island Strategy;
 - (ii) Also noting with appreciation the participation of the PICs in the UNEP/South Pacific Regional Environment Programme (SPREP) Regional Workshop for the Implementation of the Montreal Protocol, held in Apia, Samoa, in April 2001, to identify the most appropriate means of facilitating the compliance of PICs with their Montreal Protocol obligations;
 - (iii) Urging the PICs to submit their National Compliance Action Plans to UNEP by September 2001, as agreed at that Workshop;
- (i) To note that UNEP would report to the 35th Meeting of the Executive Committee on the project’s status. If no progress was reported, the 35th Meeting of the Executive Committee would consider alternative means of implementing those activities.

(Decision 34/7)

(v) Progress report of UNIDO

26. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 24), the Executive Committee decided:

- (a) To note with appreciation UNIDO’s progress report contained in document UNEP/OzL.Pro/ExCom/34/13;
- (b) Also to note the late submission of UNIDO’s revised progress report and request UNIDO to adhere to the deadline for submission;
- (c) Further to note that UNIDO would report to the 35th Meeting on 54 projects with implementation delays, including 17 projects that had been so classified in 2000;

- (d) To request UNIDO to provide the 35th Meeting with additional status reports, in the context of its report on projects with implementation delays, on the institutional strengthening projects in Romania and Yugoslavia, for which UNIDO had not been provided with the scheduled progress and financial reports;
- (e) To set a new deadline of 1 September 2001 for completing site preparation for the “Mallol Saic foam project in Argentina” (ARG/FOA/20/INV/47), or to cancel the project at the 35th Meeting with the remaining balance being returned to the Fund;
- (f) To request UNIDO to reclassify the “Phasing out of CFCs at Union Camerounaise d'Entreprise project in Cameroon” (CMR/REF/18/INV/07) and the “Bole refrigeration project in China” (CPR/REF/23/INV/222) as ongoing rather than completed projects according to the definition of project completion;
- (g) To note UNIDO's explanations regarding its use of funds disbursed in its progress report and its classification of projects as completed when there were remaining activities and large undisbursed balances, and to request UNIDO to ensure that the entries in future progress reports for funds disbursed and dates of completion strictly complied with the Executive Committee's definitions.

(Decision 34/8)

(vi) Progress report of the World Bank

27. Having considered the recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 26), the Executive Committee decided:

- (a) To note with appreciation the World Bank's progress report contained in document UNEP/OzL.Pro/ExCom/34/14;
- (b) Also to note the late submission of the World Bank's revised progress report and to request the World Bank to adhere to the deadline for submission;
- (c) To request the World Bank to remove all indirect phase-out from its progress report in the future and to resolve all issues raised by the Secretariat concerning data inconsistencies and to report back to the 35th Meeting on their resolution;
- (d) To note that the World Bank would report to the 35th Meeting on up to 73 projects with implementation delays, including eight projects that had been so classified in 2000;
- (e) Also to note that the World Bank would offset US \$6,057 against its administrative costs for projects with overruns;

- (f) To set the deadlines indicated below for the following projects:
 - (i) “Zhengshou Plastic foam project in China” (CPR/FOA/15/INV/86): deadline of 1 September 2001 for the resolution of the legal issues of the Huayuan Group related to the implementation of the project;
 - (ii) “BPL refrigeration project in India” (IND/REF/25/INV/183): deadline of 1 September 2001 for the signature of the sub-grant agreement;
 - (iii) “Candi Swadaya Sentosa aerosol project in Indonesia” (IDS/ARS/22/INV/61): deadline of 1 September 2001 for the procurement of equipment, with the automatic refund of remaining balances if the deadline was not respected;
 - (iv) “Sea Horse Maspion foam project in Indonesia” (IDS/FOA/23/INV/76): deadline of 1 September 2001 for the submission of progress reports to the Government of Indonesia or the automatic cancellation of the project and full return of approved funds if the deadline was not respected;
 - (v) “Umbrella rigid foam project in Pakistan” (PAK/FOA/23/INV/20): set an appropriate milestone deadline following a report from the Bank on its June 2001 mission;
- (g) To request the World Bank to implement Decision 19/38(b) on changes of ownership after project approval concerning the “Whirlpool of India refrigeration project” (IND/REF/27/INV/204) and to reduce the grant component accordingly;
- (h) Also to request the World Bank to submit an updated report to the 35th Meeting on the lessons learned and new project milestones, including the milestone of the maturity date (the refund date), for the chiller concessional loan project in Thailand (THA/REF/26/INV/104);
- (i) Also to note the agreement of the Government of China and the World Bank on measures to remedy the export issue with regard to the China halon sector plan and the agreement to reduce the 2001 quotas for the halon plan by an amount equivalent to the excess in national consumption in 2000 to be determined by the independent technical audit;
- (j) Also to note that the national CFC phase-out projects for Malaysia and Thailand would be submitted to the 35th Meeting and, in view of the generic interest, to note the World Bank’s offer to report at that meeting on the experience gained;
- (k) Further to note the World Bank’s explanations on its classification of projects as completed and the cancellation of sub-projects in line-of-grant projects.

(Decision 34/9)

28. Having considered the comments and the recommendation of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 20), the Executive Committee decided to request all the implementing agencies to report to the 35th Meeting on any Executive Committee decisions that might have led to implementation delays as a result of an inability to reallocate funds among a project's budget components.

(Decision 34/10)

(f) Evaluation of the implementation of the 2000 business plans

29. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 28), the Executive Committee decided:

- (a) To note that the implementing agencies had not reported on their performance relating to their non-weighted non-investment performance indicators pursuant to Decision 26/5, and to require them to report to the 35th meeting of the Executive Committee on this issue, together with any proposals to modify performance indicators;
- (b) To confirm that non-investment projects not included in the approved business plans might be presented for consideration by the Executive Committee, within the limits of the approved funding for non-investment activities for that year and accompanied by an appropriate justification;
- (c) To note that the Multilateral Fund had not achieved its 2000 phase-out target and, for the purposes of the 2002 draft business plans, to request the implementing agencies to concentrate on the implementation of approved but unimplemented projects and to reduce the number of investment and non-investment projects with implementation delays;
- (d) To request agencies presenting investment project proposals to the Executive Committee to ensure that projects were submitted for the countries listed in their business plans and that those projects were submitted during the calendar year of the plan.

(Decision 34/11)

(g) Status of Article 5 countries in achieving compliance with the initial control measures of the Montreal Protocol, an analysis by the Fund Secretariat as per Decision 32/76

30. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 30), the Executive Committee decided:

- (a) To note the report contained in UNEP/OzL.Pro/ExCom/34/16, in particular that:

- (i) the remaining consumption to be phased out after accounting for approved but unimplemented projects was represented by the following consumption sectors: refrigeration, 35 per cent; foam, 16 per cent; process agents, 16 per cent; solvents, 12 per cent; halons, 12 per cent; fumigants, 6 per cent; aerosols, 2 per cent; and tobacco, 1 per cent;
- (ii) regarding CFCs, 14 countries were at risk of not meeting their freeze obligations. Action by governments and the Multilateral Fund was needed in 53 countries to ensure their compliance with the 50 per cent reduction target by 2005;
- (iii) regarding halons, immediate action was needed in 16 countries, three of which had to implement approved projects sooner than planned in order to ensure the freeze of halons. Action by governments and the Multilateral Fund was needed in 17 countries to ensure the reduction by 2005;
- (iv) regarding methyl bromide, 43 countries had not yet ratified the Copenhagen amendment. Of those that had ratified the Copenhagen amendment immediate action was needed to enable 24 countries to comply with the freeze obligation, of which four countries needed to implement approved projects sooner than planned to achieve compliance. Urgent action by all concerned was required in order to ensure that as many countries as possible would be able to achieve compliance;
- (v) regarding CTC and TCA, the baseline for compliance had to be established as soon as possible to allow for an analysis of the status in achieving compliance;
- (vi) the enactment of policy measures by governments in Article 5 countries had played a crucial role in contributing towards the ability of countries to achieve compliance with the CFC freeze commitment;
- (b) To take into account the results of the status report in the discussion on strategic planning and, as appropriate, in the assessment of project proposals in light of the objective of supporting countries to enable them to comply with the Montreal Protocol;
- (c) To request the following countries to clarify the increase in consumption from 1999 to 2000 despite the additional phase-out from approved projects completed in 1999: Colombia, Mexico, Peru, and Sri Lanka;
- (d) Also to request the implementing and bilateral agencies to take into consideration the sector analysis contained in the report for the purposes of planning activities for their 2002 draft business plans.

(Decision 34/12)

(h) Report on evaluation of completed compressor projects in China

31. Having considered the recommendations of the Sub-Committee on Monitoring, Evaluation and Finance (UNEP/OzL.Pro/ExCom/34/4, para. 32), the Executive Committee decided:

- (a) To take note of the findings and lessons learned contained in the evaluation report;
- (b) To request the Government of China to assess the additional needs for non-CFC domestic and commercial refrigeration compressors over and above the capacities already converted which were partly under-utilized. The assessment should take into account the existing commercial refrigeration sector strategy, the pace of conversion of the refrigeration industry, existing and future demand for CFC-based compressors for servicing purposes, as well as the financial viability of the potential beneficiary enterprises;
- (c) To consider future proposals in this sector in the light of this assessment and, in particular, before approving further projects in China in the commercial refrigeration compressor sector, to consider whether China had:
 - (i) included firm, time-specific commitments by the Government to reduce production and ban the import of CFC-based compressors, and put in place specific policy measures to ensure that the project would yield reductions, taking into account the target formulated in the industrial and commercial refrigeration sector strategy to cease the production of CFC-based refrigeration systems by 1 January 2004;
 - (ii) considered the evaluation's findings that more sustainable conversion, at lower cost, might be achieved by encouraging commercial refrigeration compressor producers to combine their ongoing development efforts, relying on internationally available information and the local network of universities and institutes, with the resources of a consultant to undertake the technological upgrade of locally-designed non-CFC compressors;
- (d) To request the State Environmental Protection Administration to examine, in cooperation with the World Bank, the possibilities for relocating idle or under-utilized machining centres in commercial refrigeration compressor projects, paying particular attention to project CPR/REF/15/INV/107, to compressor companies with better prospects for achieving a satisfactory rate of capacity utilization and cost-effectiveness;
- (e) Also to request the implementing agencies:
 - (i) when preparing future projects in the refrigeration compressor sectors, to ensure that baseline production figures reflected actual current production,

not technical capacity, and that planned production figures took into account potential market constraints on future sales prospects;

- (ii) to use as a basis for identifying a project's requirement for expensive equipment the principle that the more expensive the equipment was, the more the running time of the machinery must be prolonged, and the calculation base for using such equipment should be 5-6 working days per week in 2-3 shifts per day;
- (iii) to ensure that all future projects submitted to the Executive Committee for the commercial refrigeration compressor subsector were accompanied by a letter from the recipient enterprise guaranteeing local funding capability and the support of local relevant authorities;
- (iv) to monitor continuously the conversion process of ongoing compressor projects and inform the Secretariat and the Executive Committee of any significant deviations in their progress reports;
- (v) to revise their project completion reports (PCRs) and to resubmit them in cases where the evaluation found discrepancies between the PCR and project reality;
- (vi) to take into consideration the findings and lessons learned presented in the evaluation report when preparing future proposals for compressor projects;
- (f) Further to request the Senior Monitoring and Evaluation Officer to undertake an evaluation of mobile air-conditioning projects in the 2002 monitoring and evaluation work programme.

(Decision 34/13)

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

32. The representative of Japan, Chair of the Sub-Committee on Project Review (composed of Colombia, Germany, India, Japan, Malaysia, Tunisia and the United States of America), introduced the report of the 23rd Meeting of the Sub-Committee, held in Montreal from 16 to 18 July 2001 (UNEP/OzL.Pro/ExCom/34/18), which contained the Sub-Committee's recommendations on the following issues:

(a) Overview of issues identified during project review

Undertakings from countries (Decision 33/2 (c), (e), (f)) (UNEP/OzL.Pro/ExCom/34/19)

33. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 11), the Executive Committee decided:

- (a) To request the implementing agencies to comply fully with Decision 33/2 (c), (e), and (f) and include the undertakings from governments in relation to sustained reductions in sectoral consumption and obligations to cease using CFCs in their projects submitted to the 35th and later meetings;
- (b) To approve project proposals submitted to the current meeting for which governments had met the conditions set out in Decision 33/2;
- (c) Also to approve projects submitted to the current meeting for which governments had not met their obligations to provide complete information, on the understanding that disbursement of funding for those projects would be contingent on receipt of information as required under Decision 33/2;
- (d) To defer final consideration of the format for reporting the undertakings until the 35th Meeting, while allowing countries with outstanding commitments pursuant to paragraph (c) above to use the existing or mutually accepted format and to submit outstanding projects to the Executive Committee at its 35th Meeting.

(Decision 34/14)

Project duration (Decision 33/2 (b)) (UNEP/OzL.Pro/ExCom/34/19)

34. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 13), the Executive Committee, in keeping with the requirements of Decision 33/2, decided:

- (a) To request the Secretariat and the implementing agencies to review the duration of individual foam projects with a view to shortening the time for the completion of HCFC-141b conversions, and to report their findings to the Sub-Committee on Monitoring, Evaluation and Finance at its 15th Meeting; and
- (b) Also to request the Sub-Committee on Monitoring, Evaluation and Finance to consider the issue at its 15th Meeting, in the context of business plans.

(Decision 34/15)

Funding for technology transfer and trials (Decision 33/2 (j) and (k))
(UNEP/OzL.Pro/ExCom/34/19)

35. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para 15), the Executive Committee decided to request the Secretariat and the implementing agencies to continue to review the funding level and/or implementation modality for technical assistance and trials in project proposals, in order to ensure full compliance with Decision 33/2 (j) and (k) and to report to the Executive Committee at its 35th Meeting.

(Decision 34/16)

Extension of Decision 33/2 to other sectors (UNEP/OzL.Pro/ExCom/34/19)

36. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 17), the Executive Committee decided to take up the matter of extension of Decision 33/2, as outlined in paragraph 7 of document UNEP/OzL.Pro/ExCom/34/19, to other sectors in the context of its discussions on strategic planning under agenda item 7.

(Decision 34/17)

Enterprise consumption and country data (UNEP/OzL.Pro/ExCom/34/19)

37. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, paras. 18 to 21), the Executive Committee decided:

- (a) To request the Secretariat and the implementing agencies not to submit project proposals which showed inconsistencies between project data and the latest reported sectoral consumption data;
- (b) Also to request the Secretariat to prepare, for submission to the Sub-Committee on Project Review at each meeting, a list of project proposals received by the Secretariat for which inconsistencies in reported data existed, listing inter alia latest sectoral consumption data, project ODS consumption data, date of establishment of production capacity, remaining consumption in the sector concerned and project costs;
- (c) To approve the project proposals submitted to the current Meeting, on the understanding that projects submitted to future Meetings would be in compliance with the request in (a) above and that, at its first Meeting in 2002, the Executive Committee could consider those projects that had been dropped from the 2001 business plans;

- (d) That for those countries with data discrepancies, projects remaining in the 2001 allocation could be presented, once issues were clarified, to the March 2002 Meeting, and would be counted against the 2001 business plans.

(Decision 34/18)

Projects not in business plans (UNEP/OzL.Pro/ExCom/34/19)

38. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 23), the Executive Committee decided to request the Sub-Committee on Monitoring, Evaluation and Finance to consider requesting implementing agencies:

- (a) To make every effort to submit projects in accordance with approved business plans;
- (b) To replace projects in a business plan or contingency list only when confirmation was provided that:
 - (i) the government concerned had been informed in writing by the implementing agency of the reasons why its project or projects had been deferred or deleted from the agency's business plan;
 - (ii) the replacement project or projects would be essential to enable a country to meet a compliance commitment and any delay in their approval and implementation would result in the country being in non-compliance with the Montreal Protocol.

(Decision 34/19)

Consumption arising from CFC-11 contained in pre-mixed foam chemicals
(UNEP/OzL.Pro/ExCom/34/19)

39. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 25), the Executive Committee decided to consider the issue at its 35th Meeting, in the light of any relevant consideration of the matter by the Implementation Committee.

(Decision 34/20)

Mexico: Foam sector ODS phase-out plan (Decisions 32/54 and 33/48)

40. Having considered the comments and the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, paras. 27 to 29) that the Executive Committee examine the Mexico foam sector ODS phase-out plan after consideration of "aggregate permanent national consumption" within the context of the discussion on strategic planning in

the Executive Committee, the Executive Committee decided to defer consideration of the project to its 35th Meeting.

(Decision 34/21)

41. Some representatives expressed the view that it was inappropriate to apply the concept of “aggregate permanent national consumption” to a project when that concept had not yet been defined by the Executive Committee.

(b) Bilateral cooperation

42. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, paras. 30 to 43), the Executive Committee decided to approve the requests for bilateral cooperation, as contained in documents UNEP/OzL.Pro/ExCom/34/20 and Corr.1 and Add.1, from the Governments of Australia, France, Germany, Italy, Japan, Poland and Sweden with the amendments below, at the level of funding indicated in Annex VII to the present report.

(Decision 34/22)

Syrian Arab Republic: Sector phase-out programme: establishing a halon bank and umbrella project for 63 manufacturers (French and German components)
(UNEP/OzL.Pro/ExCom/34/20)

43. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 32), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, on the understanding that the project would achieve sustainable reductions in the consumption of halons in the Syrian Arab Republic and there would be no further requests for funding for halon projects.

(Decision 34/23)

Brazil: Pilot project: training programme for the refrigeration maintenance sector (Government of Germany) (UNEP/OzL.Pro/ExCom/34/20 and Corr.1)

44. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 34), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, on the understanding that:

- (a) The project would be implemented within a short time-frame and would contribute to the preparation and implementation of the RMP for Brazil currently under preparation by UNDP; and

- (b) The Government of Germany and UNDP would work closely together in the implementation of their respective activities in the refrigeration servicing sector in Brazil.

(Decision 34/24)

Romania: Phase-out of methyl bromide in horticulture (Government of Italy)
(UNEP/OzL.Pro/ExCom/34/20)

45. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 35), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, in accordance with the agreement between the Government of Romania and the Executive Committee, contained in Annex VIII to the present report.

(Decision 34/25)

Region ASP: Assistance for the implementation of strategic planning of the Multilateral Fund to promote compliance with the Montreal Protocol in the Asia and Pacific region (Government of Japan) (UNEP/OzL.Pro/ExCom/34/20)

46. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 38), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report.

(Decision 34/26)

Region ASP: Regional cooperation for monitoring and control of ODS consumption (Government of Sweden) (UNEP/OzL.Pro/ExCom/34/20 and Corr.1)

47. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 40), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, on the understanding that this was a one-time project, not the first in a sequence of projects requiring further funding in the future.

(Decision 34/27)

Region ASP: Workshop on RMP update for LVCs (Government of Sweden)
(UNEP/OzL.Pro/ExCom/34/20)

48. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 42), the Executive Committee decided to defer consideration of the proposed project to a future meeting.

(Decision 34/28)

49. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 43), the Executive Committee decided to request the Treasurer to offset the costs of the above bilateral projects, as follows:

- (a) US \$328,167 against the balance of Australia's bilateral contributions for 2001;
- (b) US \$585,221 against the balance of France's bilateral contributions for 2001;
- (c) US \$1,083,479 against the balance of Germany's bilateral contributions for 2001;
- (d) US \$3,374,489 against the balance of Italy's bilateral contributions for 2000 and 2001;
- (e) US \$167,805 against the balance of Japan's bilateral contributions for 2001;
- (f) US \$113,000 against the balance of Poland's bilateral contributions for 2001;
- (g) US \$305,000 against the balance of Sweden's bilateral contributions for 2001.

(Decision 34/29)

(c) Work programme amendments

- (i) Work programme amendments of UNDP

50. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 45), the Executive Committee decided to approve UNDP's 2001 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/34/21, with the amendments below, at the level of funding indicated in Annex VII to the present report.

(Decision 34/30)

Bangladesh: Renewal of institutional strengthening

51. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 46), the Executive Committee decided not to approve renewal of the institutional strengthening project, and to express to the Government of Bangladesh its observations indicated in Annex IX to the present report.

(Decision 34/31)

Cuba: Renewal of institutional strengthening

India: Renewal of institutional strengthening

Nigeria: Renewal of institutional strengthening

52. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 47), the Executive Committee decided to approve the

above projects at the level of funding indicated in Annex VII to the present report, and to express to the Governments concerned its observations indicated in Annex IX to the present report.

(Decision 34/32)

(ii) Work programme amendments of UNEP

53. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 49), the Executive Committee decided to approve UNEP's 2001 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/34/22, with the amendments below, at the level of funding indicated in Annex VII to the present report.

(Decision 34/33)

Global: Development of tracking system for ODS and ODS-based equipment

54. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 50), the Executive Committee decided to approve the project at the level of funding of US \$40,000 on the understanding that it was a one-time project and that no further funding would be requested for this activity.

(Decision 34/34)

Global: Global public awareness and education campaign to sustain the phase-out

55. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 51), the Executive Committee decided to approve the first phase of this project, for the development of a communications strategy, at a level of funding of US \$60,000 on the basis that:

- (a) The project outreach would be less broad;
- (b) The project would focus on the needs of the Article 5 countries.

(Decision 34/35)

Bolivia: Renewal of institutional strengthening
Guinea: Renewal of institutional strengthening
Guyana: Renewal of institutional strengthening
Lao PDR: Institutional strengthening project
Sudan: Renewal of institutional strengthening
Zimbabwe: Renewal of institutional strengthening

56. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 52), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex VII to the present report, and express to the Governments concerned its observations indicated in Annex IX to the present report.

(Decision 34/36)

China: Policy training for local authorities in China (first tranche for 2001)

57. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, paras. 55 and 56), the Executive Committee decided:

- (a) To approve the above project in principle at a total level of funding of US \$810,000, representing 60 per cent of the amount originally requested, and to approve funding for the first tranche at a level of US \$275,000;
- (b) To endorse the Sub-Committee's request to the Government of China to identify the remaining 40 per cent of the funding originally requested from funding already approved and from future funding to be approved for the sectoral approaches; and
- (c) To note that the bilateral project on the strategy for the refrigeration servicing sector being prepared by Japan would not include any additional training for customs officials.

(Decision 34/37)

Cameroon: Enhancing the capability of local agricultural organizations and non-governmental organizations in methyl bromide communication

Nigeria: Enhancing the capability of local agricultural organizations and non-governmental organizations in methyl bromide communication

Senegal: Enhancing the capability of local agricultural organizations and non-governmental organizations in methyl bromide communication

58. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 58), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex VII to the present report.

(Decision 34/38)

Africa region: Regional workshop on the experiences of use of methyl bromide alternatives evaluation under the Multilateral Fund

Asia region: Regional workshop on the experiences of use of methyl bromide alternatives evaluation under the Multilateral Fund

59. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 60), the Executive Committee decided to approve the above projects at the individual cost of US \$80,000 each.

(Decision 34/39)

Global: Regional crop manual on alternatives for horticultural crops and strawberries

60. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 62), the Executive Committee decided to defer consideration of the above project, pending a report to be submitted by the Technology and Economic Assessment Panel, in accordance with Decision IX/5 of the Meeting of the Parties on alternatives to methyl bromide use in Article 5 countries, expected to be submitted to the Meeting of the Parties in 2002.

(Decision 34/40)

(iii) Work programme amendments of UNIDO

61. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 64), the Executive Committee decided to approve UNIDO's 2001 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/34/23, at the level of funding indicated in Annex VII to the present report.

(Decision 34/41)

Egypt: Renewal of institutional strengthening

62. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 65), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report; and to express to the Government of Egypt its observations indicated in Annex IX to the present report.

(Decision 34/42)

(iv) Work programme amendments of the World Bank

63. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 67), the Executive Committee decided to approve the World Bank's 2001 work programme amendments, as contained in document UNEP/OzL.Pro/ExCom/34/24, with the amendments below, at the level of funding indicated in Annex VII to the present report.

(Decision 34/43)

China: Project preparation for the process agent sector plan

64. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 70), the Executive Committee decided to approve the above project at a level of US \$122,000, on the understanding that, if the Parties were to further examine the issue of process agents and include additional applications, the World Bank would be able to submit new proposals for project preparation in China for those applications.

(Decision 34/44)

Jordan: Renewal of institutional strengthening

65. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 71), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, and to express to the Government of Jordan its observations indicated in Annex IX to the present report.

(Decision 34/45)

(d) Investment projects**(i) Projects recommended for blanket approval**

66. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 73), the Executive Committee decided to approve the projects submitted for blanket approval as contained in document UNEP/OzL.Pro/ExCom/SCPR/23/2/Rev.1, at the level of funding given in Annex VII to the present report, with the conditions included in the corresponding Project Evaluation Sheets, where applicable.

(Decision 34/46)

Refrigerant management plans: Monitoring activities

67. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 74), the Executive Committee decided to approve the above projects at the level of funding given in Annex VII to the present report, on the understanding that the funds for monitoring and evaluation should be provided by the concerned implementing or bilateral agency directly to the countries to implement the specified monitoring and evaluation activities.

(Decision 34/47)

Jordan solvents: Conversion of metal cleaning processes from TCA to TCE degreasing at the King Hussein Workshop, Zarqa (UNEP/OzL.Pro/ExCom/34/32 and Corr.1)

68. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 75), the Executive Committee decided to approve the above project at the level of funding given in Annex VII to the present report, on the understanding that the approval of the project did not set a precedent for future conversion of the technology concerned, and that for future projects investigation of options for the retrofit of existing equipment would continue.

(Decision 34/48)

Yemen: Phase-out of CFC-12 in the manufacture of aerosols by conversion to hydrocarbon propellant at Al-Thowra Industrial Complex Industrial (AIC)
(UNEP/OzL.Pro/ExCom/34/50)

Yemen: Phase-out of CFC-11, 12 and 114 in the manufacture of aerosols by conversion to hydrocarbon propellant at Arabia Felix Industries Ltd.
(UNEP/OzL.Pro/ExCom/34/50)

69. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 76), the Executive Committee decided to approve the above projects at the level of funding given in Annex VII to the present report.

(Decision 34/49)

Colombia: Conversion of CFC-12 to R-134a technology in the production of mobile air-conditioning (MAC) systems at Thermo-coil, Auto Aires and Servi Aires
(UNEP/OzL.Pro/ExCom/34/28)

Malaysia: Replacement of CFC-12 refrigerant with HFC 134a in the manufacturing of mobile air-conditioning systems at Sanden International (M) Sdn. Bhd
(UNEP/OzL.Pro/ExCom/34/36)

Mexico: Conversion of CFC-12 to R-134a technology in the production of mobile air-conditioning (MAC) systems at Airtemp (UNEP/OzL.Pro/ExCom/34/37)

70. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 77), the Executive Committee decided to approve the above projects at the level of funding given in Annex VII to the present report, on the understanding that the Governments concerned would indicate the dates by which production of CFC MAC compressors would cease in their countries.

(Decision 34/50)

HCFC technologies

71. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 78), the Executive Committee decided to request the Secretariat, in relation to all future projects which involved conversion to HCFC-141b, to include in the meeting documentation the letter from the Government concerned, explaining the reasons for the choice of the technology, as per Decisions 23/20 and 27/13.

(Decision 34/51)

(ii) Projects for individual consideration

Argentina: Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid polyurethane foam at 4 foam manufacturers (Umbrella) (UNDP) (UNEP/OzL.Pro/ExCom/34/25)

Argentina: Conversion from CFC-11 to HCFC-141b in the manufacture of rigid foam insulation panels at Frio Star (UNDP) (UNEP/OzL.Pro/ExCom/34/25)

Brazil: Conversion from CFC-11 to water-blown technology in the manufacture of rigid polyurethane foam and rigid integral skin foam at Piatex (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Transen (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-blown technology in the manufacture of flexible moulded foam and rigid integral skin foam, and to HCFC-141b for rigid, flexible integral skin and phenolic foam at J Dal Ponte (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to water-blown technology in the manufacture of rigid polyurethane foam for surfboards at Jedda (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid integral skin foam at Juntafacil (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Korta Calhas (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Isoeste (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-blown technology in the manufacture of flexible moulded foam at Paranoa (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Isar (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to water-based technology in the manufacture of flexible moulded foam and to HCFC-141b for flexible integral skin foam at Rosil (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-blown technology in the manufacture of flexible integral skin foam, flexible moulded foam at Royal Rubber (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to water-blown technology in the manufacture of rigid polyurethane foam for electrical resistance floats at Taurus (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Thermoblock (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid integral skin foam at Ornati-Luce (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HFC-141b in the manufacture of rigid polyurethane foam at Danko (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid integral skin foam at Injetec (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-blown technology in the manufacture of rigid and flexible micro-cellular foam at Hidroplas (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Grupo ACO (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam for truck bodies and panels at nine enterprises (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase-out of CFC-11 consumption by conversion to HCFC-141b technology at Danica Co. in the manufacture of rigid polyurethane foam for insulating purposes (UNIDO) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam for ice cream makers and coolers at three enterprises (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-based and HCFC-141b technology in the manufacture of rigid and flexible integral skin foam at VM (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid and flexible integral skin foam at Air Micro (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Isoprice (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-blown technology in the manufacture of rigid integral skin foam at Beneplast (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Conversion from CFC-11 to HCFC-141b in the manufacture of rigid foam for cold room panels, as well as freezers and coolers at Central Equipment (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Brazil: Phase out of CFC-11 by conversion to water-blown technology in the manufacture of rigid integral skin foam, rigid foam and HR flexible moulded foam at Carolinas (UNDP) (UNEP/OzL.Pro/ExCom/34/26)

Jordan: Replacement of CFC-11 and CFC-12 with HCFC-141b and HFC-134a in the production of commercial refrigeration equipment at the second medium size commercial refrigerator manufacturers group (UNIDO) (UNEP/OzL.Pro/ExCom/34/32)

Jordan: Phasing out of CFC-11 by conversion to HCFC-141b and CFC-12 to HFC-134a in manufacture of commercial refrigeration equipment at sixth group of small size of Jordanian Commercial Refrigerator Manufacturers (UNIDO) (UNEP/OzL.Pro/ExCom/34/32)

Jordan: Phasing out of CFC-11 by conversion to HCFC-141b and CFC-12 to HFC-134a in manufacturing commercial refrigeration equipment at fifth group of small size Jordanian commercial refrigerator manufacturers (UNIDO) (UNEP/OzL.Pro/ExCom/34/32)

Libya: Phase out of CFC-11 by conversion to methylene chloride (MC) in the manufacture of flexible polyurethane foam at Hilal Africa (UNDP) (UNEP/OzL.Pro/ExCom/34/34)

Libya: Phase out of CFC-11 by conversion to methylene chloride (MC) in the manufacture of flexible polyurethane foam at Tasharoukiate Essadek (UNDP) (UNEP/OzL.Pro/ExCom/34/34)

72. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 80), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex VII to the present report, on the understanding that future projects would be subject to Decision 34/18 above.

(Decision 34/52)

China: Sector plan for the phase out of CFC-11 in the foam sector (World Bank) (UNEP/OzL.Pro/ExCom/34/27 and Corr.1/Rev.1)

73. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 82), the Executive Committee decided:

- (a) To defer consideration of the project;
- (b) To request the Secretariat and the World Bank, together with interested members of the Sub-Committee on Project Review, as well as representatives of other implementing agencies as observers, to continue discussions with a view to presenting a proposal, together with a draft agreement, by the time of the 35th Meeting, with such discussions being facilitated as appropriate by Germany.

(Decision 34/53)

Morocco: Phase-out of methyl bromide for soil fumigation in tomato production (first tranche) (UNIDO) (UNEP/OzL.Pro/ExCom/34/38 and Add.1)

74. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 84), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, in accordance with the agreement between the Government of Morocco and the Executive Committee, contained in Annex X to the present report.

(Decision 34/54)

Uganda: Phase-out of methyl bromide in cut flowers (UNIDO) (UNEP/OzL.Pro/ExCom/34/46)

75. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 86), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, in accordance with the agreement between the Government of Uganda and the Executive Committee, contained in Annex XI to the present report.

(Decision 34/55)

Lebanon: Phase-out of methyl bromide for soil fumigation in strawberry production (first tranche) (UNIDO) (UNEP/OzL.Pro/ExCom/34/33 and Add.1)

Lebanon: Sectors phase-out of methyl bromide in vegetable, cut flower and tobacco production (first tranche) (UNDP) (UNEP/OzL.Pro/ExCom/34/33 and Add.1)

76. Having considered the comments and recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, paras. 88 and 89), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex VII to the present report, in accordance with the agreement between the Government of Lebanon and the Executive Committee, contained in Annex XII to the present report, and to request UNDP and UNIDO to closely coordinate the implementation of the two projects.

(Decision 34/56)

Syria: Phase-out of the use of methyl bromide in grain storage (first tranche) (UNIDO) (UNEP/OzL.Pro/ExCom/34/44)

77. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 91), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report in accordance with the agreement between the Government of the Syrian Arab Republic and the Executive Committee, contained in Annex XIII to the present report.

(Decision 34/57)

Uruguay: Phase-out of methyl bromide in horticulture: tomatoes and cut flowers (UNIDO) (UNEP/OzL.Pro/ExCom/34/47)

78. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 93), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, in accordance with the agreement between the Government of Uruguay and the Executive Committee, contained in Annex XIV to the present report.

(Decision 34/58)

India: Conversion of chlorinated rubber manufacture from carbon tetrachloride to non-ODS process at Rishiroop Organics Pvt. Ltd. (World Bank) (UNEP/OzL.Pro/ExCom/34/30)

79. Having considered the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, paras. 95 and 96), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report, on the basis of a 20 per cent reduction in capital costs to account for provision of a new plant, and

including calculation of incremental operating costs for a period of one year, with the following understanding:

- (a) Disbursement of the technology transfer fee will be withheld until such time as a patent has been issued and in the light of the paper on intellectual property issues to be submitted to the Executive Committee at its 35th Meeting by the Secretariat, following its consultation with relevant international agencies pursuant to Decision 33/14;
- (b) Sustained reductions of 248.8 ODP tonnes will be maintained in CTC consumption in the process agent sector in India, notwithstanding any possible problems in achieving phase-out in this project;
- (c) Any export to non-Article 5 countries by the enterprise will not exceed 10 per cent for the duration of the incremental operating cost period, that is, one year;
- (d) The Contracting Parties, the Executive Committee, the Fund Secretariat and the implementing agency concerned will bear no responsibility, should the application of the chosen technology prove unsuccessful.

(Decision 34/59)

India: Conversion of carbon tetrachloride (CTC) as process agent to ethylene dichloride at Chiplun Fine Chemicals Ltd., Ratnagiri (UNIDO) (UNEP/OzL.Pro/ExCom/34/30)

80. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 98), the Executive Committee decided to approve the above project at the level of funding indicated in Annex VII to the present report.

(Decision 34/60)

India: Conversion of carbon tetrachloride (CTC) as process agent to monochlorobenzene at FDC Limited, Roha (UNIDO) (UNEP/OzL.Pro/ExCom/34/30)

India: Conversion of carbon tetrachloride (CTC) as process agent to monochlorobenzene at GRD Chemicals Ltd., Indore, M.P. (UNIDO) (UNEP/OzL.Pro/ExCom/34/30)

India: Conversion of carbon tetrachloride (CTC) as process agent to monochlorobenzene at M/S Benzo Chemical Industries, Tarapore (UNIDO) (UNEP/OzL.Pro/ExCom/34/30)

India: Conversion of carbon tetrachloride (CTC) as process agent to monochlorobenzene (MCB) at Pradeep Shetye Ltd., Alibagh (UNIDO) (UNEP/OzL.Pro/ExCom/34/30)

81. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 100), the Executive Committee decided to approve the above projects at the level of funding indicated in Annex VII to the present report, on the

understanding that the Government of India would not seek funding for any additional projects for the conversion of bromohexine production.

(Decision 34/61)

Turkey: Refrigeration ODS phase-out sector plan (World Bank)
(UNEP/OzL.Pro/ExCom/34/45)

82. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 102), the Executive Committee decided to approve the above project in principle at a level of funding of about US \$9 million, on the understanding that the Secretariat, the World Bank and interested Executive Committee members would continue discussions to finalize project implementation details and a draft performance agreement and would submit those to the Executive Committee at its 35th Meeting.

(Decision 34/62)

China: Incremental operating cost: Replacement of CFC-11 with HCFC-141b in manufacturing of polyurethane rigid spray foam for insulation at 26 enterprises (UNIDO)
(UNEP/OzL.Pro/ExCom/34/27 and Corr.1/Rev.1)

China: Phasing out CFC-11 with HCFC-141b at six companies and phasing out CFC-11 by conversion to water blown technology at one company (umbrella project) (UNIDO)
(UNEP/OzL.Pro/ExCom/34/27 and Corr. 1/Rev.1)

83. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 104), the Executive Committee decided to approve the incremental operational cost component of the umbrella project for 26 enterprises, as well as the new umbrella project for seven enterprises, at the levels of funding indicated in Annex VII to the present report, on the understanding that the prices of chemicals used in the determination of incremental operating costs would not be taken as a precedent in the consideration of future projects and activities in the sector.

(Decision 34/63)

China: Replacement of CFC-11 foaming agent with cyclopentane and CFC-12 refrigerant with HFC-134a in manufacture of domestic refrigerators at Shangling Electric Appliance (Group) Co. Ltd. (World Bank) (UNEP/OzL.Pro/ExCom/34/27 and Corr.1/Rev.1)

84. Having considered the recommendation of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 106), the Executive Committee decided to approve the above project at a cost of US \$1.4 million to phase out the remaining consumption of CFC at the enterprise.

(Decision 34/64)

- (iii) The use of 13 per cent allowance for support costs (Decision 32/31) (UNEP/OzL.Pro/ExCom/34/52 and Add.1)

85. Having considered the recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/34/18, para. 108), the Executive Committee decided:

- (a) To consider in greater depth, at its 35th Meeting, the issue of support costs, particularly with regard to the possibility of:
 - (i) adjusting the distribution of support costs between the substantive departments and the administrative departments within the implementing agencies;
 - (ii) increasing the support costs paid to implementing agencies for administering smaller projects, without increasing the overall proportion of resources for such costs;
 - (iii) ensuring that any adjustment of support costs would be fully in line with the financial rules and regulations of the United Nations system;
- (b) To request the Secretariat of the Multilateral Fund to prepare an issue paper in consultation with the UNEP Treasurer and UNEP/DTIE.

(Decision 34/65)

AGENDA ITEM 7: STRATEGIC PLANNING: PROPOSALS ON IMPLEMENTING THE FRAMEWORK ON THE OBJECTIVES, PRIORITIES, PROBLEMS AND MODALITIES FOR STRATEGIC PLANNING OF THE MULTILATERAL FUND IN THE COMPLIANCE PERIOD (DECISION 33/54)

86. The Secretariat introduced the proposals on strategic planning prepared by the Secretariat in response to Decision 33/54 (UNEP/OzL.Pro/ExCom/34/53). The Executive Committee also had before it two informal papers prepared by Finland and Japan.

87. The Meeting expressed appreciation of the Secretariat's work in preparing the document and held a lengthy discussion covering a wide range of issues. There was consensus that the document was a useful basis for future work on strategic planning. Some representatives found the recommendations proposed in the informal document from Finland, which expanded those in the Secretariat document, very useful, whereas others did not wish to see them included at the present stage.

88. Several representatives underlined the need for additional funding for institutional strengthening projects to enable National Ozone Units to meet the challenges of the shift towards a country-driven approach.

89. Several representatives wished to see an agreed definition of sustained permanent aggregate reductions in production and consumption. Differing views were expressed on how to establish a baseline figure instead of the national aggregate consumption concept that would enable the remaining ODS consumption eligible for funding to be determined. It was proposed that the following alternative approaches could be applied in the line of discussions on strategic planning when determining such a baseline:

- The baseline figure should be based on very recently reported consumption data;
- Some adjustments should be allowed in exceptional circumstances, for example, in cases of ODS imports, stockpiling or illegal imports, and natural sectoral growth; and a suitable method should be developed for the incorporation of ongoing projects in the baseline figure; or
- The Montreal Protocol baseline for compliance in respect of the different controlled substances should be used.

90. One delegation suggested an alternative methodology other than the baseline approach. Country programme updates could be one of the bases for strategic planning and for further funding of projects after preparation of the country programme update.

91. The Executive Committee decided to request the Secretariat:

- (a) to prepare a document that included a definition of the starting point for determining the sustained reduction of each Article 5 country, taking into consideration the need to address properly the alternative approaches outlined in paragraph 89 above;
- (b) to solicit written comments from members of the Executive Committee on document UNEP/OzL.Pro/ExCom/34/53; and
- (c) to submit to the Thirty-fifth Meeting a revised version of document UNEP/OzL.Pro/ExCom/34/53 taking into account the proposals made and the views expressed at the Thirty-fourth Meeting, as well as the written submissions by members of the Executive Committee.

(Decision 34/66)

92. With respect to the issue of permanent aggregate national consumption reductions, the Japanese delegation stated that the Executive Committee should be apprised fully of the position and views expressed by the Mexican Government and UNDP on the Executive Committee's Decision 33/48 on the investment project in the foam sector in Mexico, for which an understanding was required that the project would yield a sustainable, permanent reduction in the national aggregate consumption of CFCs.

93. The representative of Japan stated that the bilateral assistance activities and the country consultations in particular, as contained in the Japanese bilateral cooperation project approved at the present Meeting as a pilot project, represented first and additional measures of assistance by

the Government of Japan so as to create the conditions that would enable Article 5 countries to implement strategic planning for the purposes of compliance with the Montreal Protocol. He pointed out that they could be extended to all regions of the world. He also indicated that concrete types of additional measures to strengthen the national capability for the management of ODS phase-out programmes should be identified.

AGENDA ITEM 8: GUIDELINES FOR THE PREPARATION OF COUNTRY PROGRAMME UPDATES (DECISION 33/55)

94. The representative of the Secretariat introduced document UNEP/OzL.Pro/ExCom/34/54 containing revised guidelines for the preparation of country programme updates, which had been prepared pursuant to Decision 33/55. The revised draft guidelines incorporated comments received from a total of 10 members of the Executive Committee and five co-opted members in the course of two rounds of circulation of the draft document.

95. All representatives who took the floor expressed their appreciation to the Secretariat for the document and underlined the importance of the draft guidelines. Several representatives considered that they should be adopted at the current meeting of the Executive Committee. However, several representatives of Article 5 countries believed that some fundamental issues remained unclear in the draft document. They considered that, if a commitment to prepare and implement a strategy were to be required from Article 5 countries, then there should be a reciprocal commitment on funding from the Multilateral Fund. Additionally, although some Article 5 countries had the capacity to prepare country programme updates, others did not, but all countries should be eligible for funding, and the level of funding should be indicated in advance. Other representatives pointed out that bilateral assistance or assistance from implementing agencies could be requested in the development of the country programme updates.

96. Regarding the time frame for preparation of updates, representatives from Article 5 countries believed that the suggested 12-month time frame should begin only after funds had been received by the countries, and it should be flexible and in line with the capacity of a country to prepare an update. Where it was not possible for a country to obtain all the required information on companies, it was considered that figures on ODS consumption should be sufficient. It was also felt that national aggregate consumption figures were not appropriate, since phase-out schedules varied in the different sectors. Moreover, the dynamics of ODS consumption needed to be taken into account. Several representatives emphasized the need to discuss further the concept of sustainable reduction and consumption. Others considered that the preparation of country programme updates should not be tied to the preparation of RMPs, particularly in view of the different stages of preparation and level of detail of RMPs.

97. It was recognized that, commensurate with the increased responsibilities being given to the National Ozone Units, it was necessary to provide increased financial resources to assist them to undertake their new tasks. In the preparation of country programme updates, it was expected that countries would ensure full participation by stakeholders and, in addition to purely financial measures, would also include policy measures to achieve objectives, taking into

account social and economic conditions that might affect ODS consumption. Reference was also made to the need to define the terminology used in the draft guidelines.

98. The Executive Committee agreed to set up an informal open-ended group to examine the comments that had been submitted by countries to the Secretariat and to reformulate the draft guidelines for submission to the Executive Committee.

99. The representative of Colombia, speaking as facilitator of the informal open-ended group, reported on its discussions, which had focused on four issues, namely, financing, timing, identification of the remaining companies, and the concept of national aggregate consumption. The group had been able to reach consensus on the first two issues, but proposed that it should return to the latter two issues after they had been discussed under agenda item 7 on strategic planning.

100. With regard to financing, the group had reached a broad understanding that the Secretariat should be requested to propose parameters for the funding of country programme updates and for the identification of the tasks remaining in the country programme update exercise, taking into account the fact that many countries, both LVCs and HVCs, had already received funds for RMPs. It was also agreed that the words “eligible countries” should be replaced by “Article 5 countries eligible for funding under Multilateral Fund rules”.

101. As far as timing was concerned, the consensus was that a 12-month period should be allowed for country programme updates, but that nothing prevented the submission of projects under existing rules. It was emphasized that country programme updates were not mandatory, but should be considered in light of the framework for strategic planning and were useful for planning purposes.

102. The Executive Committee took note with appreciation of the above report.

AGENDA ITEM 9: COUNTRY PROGRAMME: LAO PEOPLE’S DEMOCRATIC REPUBLIC

103. The representative of UNEP introduced document UNEP/OzL.Pro/ExCom/34/55, containing the country programme for the Lao People’s Democratic Republic.

104. The Executive Committee decided:

- (a) To approve the country programme for the Lao People’s Democratic Republic, while noting that approval of the country programme did not denote approval of the projects identified therein nor their funding levels.
- (b) To request the Government of the Lao People's Democratic Republic to present information annually to the Executive Committee on progress being made in the implementation of the country programme, in accordance with the decision of the Executive Committee on implementation of country programmes (UNEP/OzL.Pro/ExCom/10/40, paragraph 135). Using the approved format, the

initial report, covering the period 1 December 2000 to 31 December 2001, should be submitted to the Fund Secretariat no later than 1 May 2002.

(Decision 34/67)

AGENDA ITEM 10: PRODUCTION SECTOR

105. The representative of Australia, speaking as facilitator of the Sub-Group on the production sector, introduced the Sub-Group's report contained in document UNEP/OzL.Pro/ExCom/34/56/Add.1. He said that the reconstituted Sub-Group had met on 18 July 2001 with the participation of Australia (facilitator), Dominican Republic, Germany, India and the United States of America. Representatives of UNIDO and the World Bank had also attended as observers. The meeting heard an update from the Secretariat on developments since the 33rd Meeting and commended the Secretariat on the comprehensive update of ODS production capacity contained in UNEP/OzL.Pro/ExCom/34/56. It noted the advice from the representative of the Dominican Republic that the Government of Argentina was continuing its work on the proposal to close its CFC production and was aiming to submit the project at the earliest opportunity. The meeting also took note of the scheduled visit by the Secretariat's consultant in July 2001 to the CFC production facility in the Democratic People's Republic of Korea. The ongoing discussions between the Government of China and the World Bank aimed at streamlining reporting requirements for China's CFC production sector project were also noted.

106. Taking into account the Sub-Group's recommendations, the Executive Committee decided:

- (a) To authorize the Secretariat to proceed with the technical audit of Mexico's CFC production plant (Quimobasicos);
- (b) To request the Secretariat to proceed with the technical audit of China's entire CTC production capacity, irrespective of the eventual uses;
- (c) To request UNIDO to submit a work programme amendment for project preparation for the Democratic People's Republic of Korea's CFC production sector to the 35th Meeting;
- (d) To approve the proposed agreement for the Indian halon production and consumption sector attached as Annex XV to the present report at a total of US \$2.6 million.

(Decision 34/68)

AGENDA ITEM 11: STATUS REPORT ON THE STUDY OF ALTERNATIVES TO CFCS IN RIGID FOAM APPLICATIONS

107. The representative of the Secretariat introduced document UNEP/OzL.Pro/ExCom/34/57, containing a status report on the study of alternatives to CFCs in rigid foam applications.

108. Recalling that the study had been called for by Decision 31/49, he reported that it had proved difficult to find a suitable consulting body to carry out the study, but the contract had finally been awarded in May 2001. The consultant selected would visit Argentina, Egypt and Malaysia, which represented the three major geographical areas, and a questionnaire would be sent to 160 enterprises in the sector.

109. In response to a question, the representative of the Secretariat explained that the 160 enterprises represented virtually all those that had received financial assistance from the Multilateral Fund (other than those covered by very large umbrella projects).

110. Several representatives requested that the consultant's report should be submitted to the 35th Meeting at the latest.

111. Following a discussion, the Executive Committee took note with appreciation of the status report by the Secretariat.

AGENDA ITEM 12: CONCESSIONAL LENDING (DECISION 33/59)

112. The representative of Japan introduced an informal document on concessional lending prepared by Japan, which was distributed under the symbol UNEP/OzL.Pro/ExCom/34/CRP.1, which had been drafted on the basis of the framework for discussion outlined on pages four and five of document UNEP/OzL.Pro/ExCom/29/59, which had met with consensus in the Executive Committee. He recalled that Article 10 of the Montreal Protocol provided for concessional lending and the Executive Committee had already agreed on its use in specific circumstances.

113. Some representatives urged that due consideration be given to innovative financing in the compliance period and regretted the reluctance of Article 5 countries to discuss the issue. It was observed that concessional loans would mean more funds for phase-out, and the whole issue would have to be examined in the light of the level of the next replenishment of the Multilateral Fund.

114. Several representatives expressed concern regarding the subject of concessional loans, and pointed to the impact of such loans for developing countries which were already facing economic problems. One view held that the use of such loans could even slow down the phase-out process. Attention was also drawn to the inequity of requiring enterprises to contract loans, when in the past other, and often larger-scale, enterprises had received grants from the Multilateral Fund for ODS phase-out activities.

115. Subsequently, the representative of Japan introduced a proposal by his Government to convene a technical workshop on the issue, which was distributed under the symbol UNEP/OzL.Pro/ExCom/34/CRP.2.

116. In the course of the discussion of the proposal, several representatives expressed views on the restricted nature of its proposed time-frame and the lack of time available for adequate and effective preparation and participation. Some representatives considered the proposed workshop to be premature, particularly in light of the fact that the level of the replenishment of the Multilateral Fund negotiated in Beijing had been predicated on the availability and provision of funding until December 2002.

117. Following the discussion, the representative of Japan made oral amendments to the proposal, contained in document UNEP/OzL.Pro/ExCom/34/CRP.2, which he resubmitted, as revised.

118. Following the discussion, the Executive Committee decided:

- (a) To consider the proposal for a technical workshop on concessional lending at its 35th Meeting;
- (b) To request the Secretariat, as preparation for that meeting:
 - (i) to recirculate its document UNEP/OzL.Pro/ExCom/29/59, as well as the note produced by the representative of Canada, reporting on the informal meeting convened on 23 November 1999 during the 29th Meeting of the Executive Committee at Beijing;
 - (ii) to prepare a report containing a compilation of the experience of the World Bank, which had applied innovative funding modalities to projects financed by the Multilateral Fund in Mexico, Thailand and Turkey, as well as other relevant information that could facilitate the understanding of the process of concessional lending;
- (c) To take the proposal made by the Government of Japan as a basis of further discussion at its 35th Meeting, the text of which is reproduced as follows:

“The Executive Committee, having discussed the document submitted by the Government of Japan (UNEP/OzL.Pro/ExCom/34/CRP. 1 of 22 June 2001):

- “(a) decides to approve the convening of a technical workshop, in a project to be implemented by the Government of Japan with the assistance of the implementing agencies, to:
 - “(i) promote exchange of views on the objectives and modalities of concessional lending including pros and cons to Article 5 countries among the Member Governments of the Executive Committee;

- “(ii) deepen the understanding of operations of any practical and workable concessional lending schemes available within the United Nations system;
- “(iii) review relevant experience of the Fund and the implementing agencies as well as Article 5 countries in innovative financing in this field;
- “(b) requests the Government of Japan in cooperation with the Secretariat and interested implementing agencies to make substantive and the relevant logistical arrangements for the convening of the workshop in a most cost-effective manner, at a time in which the Japanese Government deems appropriate by the end of June 2002, on the understanding that the agencies should make substantive contributions based on their experience in this area; and
- “(c) requests the Secretariat and, as appropriate, the agencies to report on the findings of the workshop to the 37th Meeting of the Executive Committee.
- “(d) requests the Executive Committee at its 34th Meeting to approve US \$[75,000] to support the participation of the relevant experts and resource persons from Article 5 countries. This amount should be offset against Government of Japan’s 2001 contribution to the Multilateral Fund.”

(Decision 34/69)

AGENDA ITEM 13: OTHER MATTERS

- (a) Report of the Executive Committee to the 13th Meeting of the Parties**
- (b) Report of the Executive Committee on process agents**

119. The Executive Committee decided to authorize the Secretariat to prepare the annual report of the Executive Committee to the Meeting of the Parties, as well as the report on process agents called for by Decision X/14 of the Meeting of the Parties; the two documents should be circulated to the members of the Executive Committee before their submission to the 13th Meeting of the Parties.

(Decision 34/70)

Date and place of the 35th Meeting of the Executive Committee

120. The Executive Committee decided that the 35th Meeting of the Executive Committee would be held from 5 to 7 December 2001 in Montreal, 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 3 and 4 December 2001.

(Decision 34/71)

AGENDA ITEM 14: ADOPTION OF THE REPORT

121. The Executive Committee adopted the present report on Friday, 20 July 2001.

AGENDA ITEM 15: CLOSURE OF THE MEETING

122. The Chair declared the Meeting closed at 9:15 p.m. on Friday, 20 July 2001.