

Annex XI

PROPOSAL BY CHINA, NIGERIA AND THE UNITED STATES OF AMERICA

Background

On February 21, the United States wrote a letter to the Chairman and Vice Chairman of the Executive Committee proposing that the Committee seek a contract extension for Dr. El Arini until February 10, 2005. A copy of the letter, which is annexed to this proposal was sent to all Executive Committee members prior to the meeting. That letter explains the reasons why such an extension is thought to be in the best interest of Multilateral Fund and the Executive Committee.

Proposal

The Executive Committee decides:

To request the Chairman of the Executive Committee to communicate with the Executive Director of UNEP in order to express the desire of the Executive Committee to extend the contract of Dr. El Arini until 10 February 2005, for the reasons stated in the Appendix to this document.

Further Considerations

In subsequent discussions, China, Nigeria and the United States discussed their full agreement with the intent of the letter and the proposal noted above. They also shared an understanding that a request from the Executive Committee to UNEP would be based specifically on the unique facts of this situation which can be summarized as follows:

- a. that in accordance with the Terms of Reference of the Executive Committee as agreed by the Parties and UNEP, the Secretariat is “co-located” with UNEP
- b. that consistent with the Fund Secretariat being co-located with UNEP, UNEP and the Executive Committee had previously agreed on a unique process for the selection of the Chief Officer, under which the Executive Committee itself was delegated significant responsibility for selection of the Chief Officer.

Given these highly unique circumstances, it was understood that this request would in no way establish a precedent for other Secretariats.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
AIR AND RADIATION

21 February, 2002

Honorable Engineer Bakare D. Usman
Chairman, Executive Committee
of the Multilateral Fund

Honorable Mr. Tadanori Inomata
Vice Chairman, Executive Committee
of the Multilateral Fund

Dear Sirs,

I am writing as a long serving member of the Executive Committee regarding the post of the Chief Officer of the Secretariat of the Multilateral Fund. It has come to our attention that, in the absence of some intervention by the Executive Committee of the Multilateral Fund, the Chief Officer of the Fund, Dr. Omar El Arini, will retire at age 62 on 10 February, 2003. While his retirement on that date may be consistent with the United Nations (UN) policies on retirement, the United States believes that it is not at all certain that the UN policy applies to Dr. El Arini, as he was selected by the Executive Committee (not by the UN) to head a "collocated" Secretariat which is not formally a UN body. In any event, even if the normal UN rules are found to be applicable to the case of Dr. El Arini, we are aware that exceptions to the UN retirement policy are made when such exceptions are agreed to be in the best interest of the organization being served.

The purpose of this note is to explain the situation with Dr. El Arini, and explain why the United States believes it would be in the best interest of the Multilateral Fund to retain the services of Dr. El Arini for at least two years beyond 10 February 2003. Through this note, we would also urge you to work with the Executive Director of UNEP and through him, the United Nations in New York to clarify the applicability of the retirement rules to Dr. El Arini. Finally, if those rules are found to apply, we urge you to seek the views of the Executive Committee and UNEP to, if agreed important, gain an exception from the retirement age policy on the basis that Dr. El Arini's continuation in the job for at least two more years is indeed uniquely needed, and therefore, in the best interest of the organization.

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As you know, the Multilateral Fund was established to enable developing countries to meet their obligations under the Montreal Protocol. Under the terms of the Montreal Protocol and its decisions, the Multilateral Fund's Secretariat is to be "collocated" with UNEP. In accordance with the terms of reference of the Fund, the Chief officer of the Fund is to be selected by the Executive Committee, which then recommends the selected individual to the Executive Director of UNEP for placement. The only time related provisions of Protocol decisions have been invoked was 11 years ago, during the selection of Dr. Omar El Arini. At that time, the Executive Committee asked UNEP to advertise the position under terms of reference approved by the Executive Committee. The Executive Committee then established a recruiting team from among its membership to review and short list applicants, undertake initial interviews, and recommend a candidate to the Executive Committee. On the basis of this process, the Executive Committee selected Dr. El Arini, and asked UNEP to place him in the position of Chief Officer - an action which UNEP took promptly. This novel procedure differs substantially from the procedure usually involved with United Nations selections, and demonstrates that, as a collocated body, we may not always have to be bound by specific UN personnel policies.

In any event, we believe that Dr. El Arini's service as Chief Officer of the Fund Secretariat has been exemplary, and that in that role, he has steadfastly carried out the duties that the Executive Committee and the Parties have requested of him. We believe he has consistently acted above and beyond the call of duty to meet the requirements of the Executive Committee and further the goals of the Multilateral Fund. His creative input and ability to translate the vision of Executive Committee members into workable policies has enabled the Executive Committee to make great progress over the last decade. In such a situation, if it were not for the potential application of any retirement policy, we do not believe there would be any question about Dr. El Arini staying on. However, it must be noted that the situation now faced by the Fund is far from normal, and our need for his continued service goes well beyond the need to carry out the routine historic duties of the Secretariat. Instead, the Fund is now facing a significant turning point in its history in which the guidance of Dr. El Arini's assets, including his historic prospective and understanding is more critical than ever. Let me explain more fully.

Over the course of the last 12 years, the Multilateral Fund and its policies have evolved slowly and carefully. During the first 10 years of the Fund, while developing countries were in their "grace period" and did not have compliance obligations, the Fund established precedents that were designed to drive down the use of ozone depleting substances by focusing on the most cost effective reductions possible. The Fund had this luxury, because compliance obligations for Article 5 countries did not start until the middle of 2000. It is then, for the first time, that developing countries had to demonstrate compliance with the Protocol's control provisions. To prepare us for this transition, in 1999, Dr. El Arini and his able staff enabled the Executive Committee to effectively examine the myriad of key policy and technical issues related to transitioning the work of the Executive Committee to a new mode of operation that was focused directly on ensuring that all countries could use the Fund to ensure compliance with the Protocol's direct obligations.

After over 18 months of discussion of issues related to strategic planning and with the direct help of papers prepared by Dr. El Arini and the Secretariat, the Executive Committee at its last meeting took a large initial group of decisions aimed at redirecting the work of the Executive Committee. These initial decisions are just the beginning of a process which can be expected, over the next three years, to revolutionize the operation of the Fund. Their implementation will take a great deal of understanding of the history of the decisions and hard work on the part of the Secretariat. For this reason alone, it would be critical that there be continuity in the position of Chief Officer. In addition, however, there are other compelling reasons to retain the Chief Officer at this key moment.

Between 2002 and 2005, developing countries will have to go from meeting their first compliance obligation (a relatively simple freeze in one group of chemicals - CFCs) to meeting very significant reduction obligations on a large number of chemicals including CFCs, halons, Methyl Bromide, Carbon tetra chloride, and methyl chloroform. The United States strongly believes that at this time, continuity in the post of Chief Officer is absolutely essential. If we are to maintain the momentum of the Executive Committee during this critical time of evolution in focus, and at the same time ensure compliance with all of the upcoming control obligations, we do not believe that we can rely on a newcomer who knows neither the history of the Fund or the reasons the Executive Committee decided as it did. This is all the more essential due to two key facts: First, the average duration of an Executive Committee member is less than 3 years. This makes continuity in the Secretariat imperative. Second, when the Executive Committee began, it took 7 meetings over two years before the first investment project was approved! At this critical time, with so many reduction obligations coming due, the Fund simply can not afford to lose such momentum. In such a situation, we believe it is in the best interest of the Fund, indeed, it is critical for the Fund, to seek to retain Dr. El Arini's service until at least 2/2005.

Given the above noted concerns, we write to you, as officers of the Fund, to pursue a clarification of the applicability of the retirement policies to our situation, and, if found necessary and agreed useful by the Executive Committee, to explore an exception from those policies to keep Dr. El Arini in his post until at least 2/2005. In that regard, we urge you in your role as officers of the Fund to appropriately put this issue before a future meeting of the Executive Committee. Please be assured of the support of the United States to help in any aspect of this effort in which we can be of assistance, and feel free to call me at 1-202-564-9109.

Please accept the assurance of my highest regard.

Sincerely,



Paul Horwitz
Member, Executive Committee
United States of America