



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

**Post Meeting Summary of Decisions of the 65th meeting of the Executive Committee of the
Multilateral Fund for the Implementation of the Montreal Protocol**

Introduction

The 65th meeting of the Executive Committee, which took place in Bali, Indonesia from 13 to 17 November 2011, was attended by the representatives of 14 of the Executive Committee member Parties and by participants co-opted from 23 other countries (see attached list). Mr. Patrick McInerney of Australia presided over his third and final meeting as Chair of the Executive Committee in 2011. The Executive Secretary and a number of staff from the Ozone Secretariat, representatives of the implementing agencies, the Treasurer, the Vice-President of the Implementation Committee, and representatives from the Alliance for Responsible Atmospheric Policy and the Environmental Investigation Agency also attended the meeting.

The Executive Committee approved agreements for stage I of HCFC phase-out management plans (HPMPs) for 26 countries, including the plan for phase-out of HCFCs in the solvent sector (stage I) in China (a component of the HPMP for China approved at the 64th meeting), additional funding for HPMP preparation for one country and a number of methyl bromide phase-out projects and institutional strengthening (IS) projects. The Committee considered one outstanding policy issue related to HCFC phase-out in the consumption sector, namely the flexibility provision under HPMP agreements, and two policy papers, one on incremental costs related to retooling for manufacturing heat exchangers and the other on the Multilateral Fund Climate Impact Indicator (MCII). In addition, the Committee dealt with items related to the established programme of work for the third meeting of the year which included the monitoring and evaluation work programme, consideration of the review of the consolidated project completion report, the accounts of the Multilateral Fund and the budget for the Fund Secretariat.

The Committee approved funding of US \$30.73 million plus US \$8.06 million in support costs for bilateral/implementing agencies for projects and activities in 38 countries as well as global and regional activities. The most significant of the 54 decisions taken at the meeting are summarized below.

Status of contributions and disbursements, balance and availability of resources (decision 65/1)

The balance of the Fund stood at US \$66,586,632, of which US \$41,742,307 were in cash and US \$24,844,325 in promissory notes. The Executive Committee urged all Parties with outstanding pledges to pay their contributions to the Multilateral Fund in full and as early as possible. The Executive Committee also requested contributing Parties with promissory notes due for encashment after the replenishment period to facilitate the acceleration of their encashment as soon as possible and before the end of the 2009-2011 replenishment period and called on the implementing agencies to accept promissory notes if necessary.

Status of resources and planning

Report on balances and availability of resources (decision 65/2)

The Executive Committee noted the report on balances and availability of resources and that implementing agencies returned US \$786,553 to the Multilateral Fund. Implementing agencies held balances totalling US \$1,717,559 while bilateral agencies' balances totalled US \$147,297 excluding support costs.

2011-2014 business plans and annual tranche submission delays (decision 65/3)

The Executive Committee reviewed the status of implementation of the 2011 business plans noting that the balance of the 2011 budget and the balance of US \$453,747 set aside for a special funding facility, as per decision 55/2(b), would be included in the carry-over calculation. Regarding annual tranches of multi-year agreements due for submission, the Secretariat was requested to write to the Governments of Armenia and Nigeria to urge the submission of the second tranche of their individual HPMPs to the 67th and 66th meetings, respectively.

Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol (decision 65/4)

The Executive Committee noted with appreciation, the status reports and reports on projects with implementation delays submitted by the implementing agencies and the Governments of Australia, France, Italy and Japan. The analysis carried out by the Secretariat was based on the latest available data, either country programme data or data reported under Article 7, as of 6 October 2011. Fifty-one of the countries reporting country programme report data for the year 2010 had submitted it through the web based system. The Executive Committee noted the completion of four of the 34 projects that had been identified as having implementation delays and three projects might be cancelled.

The Committee requested bilateral and implementing agencies to report to the 66th meeting on the signing of project documents/agreements/small-scale funding agreements or when working arrangements had been put in place for approved HCFC phase-out management plans. The Fund Secretariat would write to three countries enquiring why they had reported that their licensing systems were not operating satisfactorily and another three countries advising them of possible cancellation of specific projects.

Programme implementation

Monitoring and evaluation

2011 consolidated project completion report (decision 65/5)

The 2011 consolidated project completion report provided an analysis of project completion reports (PCRs) received by the Fund Secretariat since the 62nd meeting and included a section on lessons learned. The Executive Committee requested bilateral and implementing agencies to provide the information still missing in a number of PCRs, and to clear the backlog of PCRs for projects completed before the end of 2006, all by mid-February 2012. The Committee also invited all those involved in the preparation and implementation of projects to take into consideration the lessons learned from PCRs when preparing and implementing future projects.

Completion report format for multi-year agreement projects (decision 65/6)

The Executive Committee noted the multi-year agreement (MYA) project completion report format. Comments made by members of the Executive Committee included the need not to report on expenditures for each year since these were already recorded in the annual progress report for MYA projects, and the considerable quantity of detailed information called for in the template could prove difficult to collect for projects that had already been completed. It was proposed that detailed information could be collected for PCRs for HCFC phase-out projects henceforward while PCRs for non-HCFC phase-out plans could provide less detail.

Desk study on evaluation of multi-year agreement projects (decision 65/7)

The Executive Committee noted the desk study on the evaluation of multi-year agreements (MYAs) and requested the Senior Monitoring and Evaluation Officer to post the comments and observations that were made on the desk study on the Multilateral Fund website. The 2011 Executive Committee members were invited to make further comments and observations intersessionally by 16 January 2012. The Senior Monitoring and Evaluation Officer would compile these as an annex to the desk study document and submit it, together with a corrigendum if necessary, for further consideration by the Executive Committee at its 66th meeting.

Members of the Executive Committee were invited to provide comments giving guidance on the terms of reference for the second phase of the evaluation of MYAs via an online discussion group intersessionally up until 16 January 2012. Based on the consideration of these comments, the Senior Monitoring and Evaluation Officer would submit the terms of reference for the second phase of the study to the 66th meeting of the Executive Committee.

Draft monitoring and evaluation work programme for the year 2012 (decision 65/9)

The 2012 monitoring and evaluation work programme was approved at a budget of US \$325,000. The 2012 work programme included the aforementioned evaluation of MYAs, an evaluation of methyl bromide projects, a desk study on the evaluation of chiller projects updating the one conducted in 2009, and a desk study on projects to phase-out of CFCs in metered-dose inhalers.

Report on implementation of approved projects with specific reporting requirements (decision 65/10)

The Executive Committee considered a number of reports on the implementation of approved projects with specific reporting requirements including: progress and/or verification reports on national phase-out plans/terminal phase-out plans from the Governments of Afghanistan, Ecuador, Egypt, the Philippines and Tunisia; progress reports on the implementation of methyl bromide phase-out projects from the Governments of Guatemala and Honduras; reports on sector phase-out plans from the Governments of China (foam, halon and process agent uses) and India (CTC), and three HCFC phase-out demonstration projects in the foam sector from the Government of China. The Committee took note of the reports on the implementation of the projects and made a number of requests to follow up on specific issues.

The Executive Committee also noted the progress report on the global chiller replacement project submitted by the World Bank and decided to include Argentina as one of the beneficiary countries under the project, with conditions identical to those specified in decisions 46/33 and 47/26. UNDP and UNIDO were requested to submit progress reports on the implementation of chiller projects not yet completed to the 66th meeting.

With respect to the CTC phase-out plan in India it was noted that the CTC used for vinyl chloride monomer (VCM) production had been classified as feedstock from the beginning of 2005, while in 2007 it had already been classified as a process agent application by the 19th Meeting of the Parties (decision XIX/15). The Executive Committee requested the World Bank to ask the Government of India to update accordingly the CTC consumption data for 2008 to 2010 reported to the Ozone Secretariat under Article 7 of the Montreal Protocol, and to coordinate with the Government of India to investigate to what degree the quantities of CTC destroyed in 2008, 2009 and 2010 would offset the quantities of CTC used as process agent for the production of VCM in the same years, and to report to the 66th meeting.

Project review

Flexibility provision under HCFC phase-out management plans (decision 65/11)

Pursuant to decision 63/16, the Committee considered the policy issue relating to the flexibility provision under HPMPs in relation to technology changes and funding reallocation among sectors that had been deferred for consideration to the 65th meeting. The Executive Committee decided to continue to consider the matter of the flexibility provision on a case-by-case basis and to reconsider the issue at a later stage.

Provision of relevant information in project documentation (decision 65/12)

Following an issue raised on the level of information provided in the relevant project documentation with respect to second-stage conversions of enterprises in Article 5 countries, the Secretariat was requested to prepare a document containing information on previous conversions funded by the Multilateral Fund, and the conditions under which agreements were signed with Article 5 countries on CFC phase-out.

The Executive Committee also requested the Secretariat to prepare a document on options for a tracking system to correlate, by country, the amounts of HCFC-141b contained in pre-blended polyols exported by systems houses with the amounts used by foam enterprises in importing Article 5 countries that had been approved for phase-out, which could be updated on a periodic basis.

Total funding approved at the 65th meeting

The total funding approved by the Executive Committee at its 65th meeting amounts to US \$30,729,020 and US \$8,061,463 in support costs for agencies.

Consideration of projects (decisions 65/13 to 65/47)

The Executive Committee approved in principle stage I of HPMPs for 26 countries at a total value of US \$45,775,059 plus US \$3,478,954 in support costs. Funding for the first tranches of these HPMPs was approved along with that for other projects and activities, the UNEP Compliance Assistance Programme (CAP) budget and core unit costs for agencies. In total funding of US \$30,729,020 plus US \$8,061,463 in support costs was approved by the Committee.

Investment projects and work programme activities

The Executive Committee approved 78 investment projects and work programme activities in 38 countries at a total value of US \$21,742,020 plus support costs of US \$1,648,737. These included: the first tranches of stage one of the HPMPs for 13 low-volume-consuming (LVC) countries (Angola, Bahamas, Burundi, Cuba, Ecuador, El Salvador, Equatorial Guinea, Fiji, Gambia, Guinea-Bissau,

Sierra Leone, Suriname, Zimbabwe) and 12 non-LVC countries (Bangladesh, Dominican Republic, Egypt, Iraq, Jordan, Malaysia, Morocco, Oman, Panama, Qatar, Senegal, and Uruguay); the first tranche of the sector plan for phase-out of HCFCs in the solvent sector (stage I) in China; methyl bromide phase-out activities in Ecuador, Kenya, Trinidad and Tobago, and Viet Nam; and IS support for 14 countries. The Executive Committee also approved funding project preparation for the development of a strategy for disposal and destruction of ozone-depleting substances for four LVC countries in the Europe and Central Asia region (Bosnia and Herzegovina, Croatia, Montenegro and Turkmenistan) and provided additional funding for the preparation of HCFC phase-out investment activities in the foam sector in Argentina.

With respect to the request for funding for first tranche of the HPMP for Nepal that had been submitted to the 65th meeting following the approval in principle of stage I of its HPMP at the 62nd meeting (decision 62/53) the Executive Committee requested UNEP to re-submit the request and the draft Agreement for the phase-out of HCFCs in Nepal, only after the country had submitted its instruments of ratification for the Copenhagen Amendment to the United Nations Treaty Depository Office in New York. The HPMP for Botswana that had been submitted to the Secretariat for consideration by the Executive Committee was withdrawn prior to the 65th meeting. During the 65th meeting UNEP reported that Bahrain had decided to withdraw the project proposal for its HPMP.

UNEP Compliance Assistance Programme (CAP) (decision 65/17)

The Executive Committee approved the 2012 CAP budget at a level of US \$8,987,000 plus support costs of US \$718,960 with changes requested to some budget line descriptions. UNEP was requested to continue to provide detailed information on the activities for which the global CAP funds would be used: prioritization of funding between CAP budget lines so as to accommodate changing priorities, reallocations made for its budget; and a report in the context of UNEP's role in implementation of HPMPs, clearly delineating expenditures made from the CAP budget and those made from HPMP funds.

2012 core unit costs for UNDP, UNIDO, and the World Bank and administrative cost regime for the 2012-2014 triennium (decision 65/18)

The Executive Committee approved core unit funding for 2012 of US \$1,984,561 for UNDP, US \$1,984,561 for UNIDO and US \$1,724,644 for the World Bank. The Committee requested the agencies to consider options for an administrative cost regime for 2012-2014 and provide input to the Secretariat for preparation of a further assessment of administrative costs for the 2012-2014 triennium to be considered at the 66th meeting. The Committee would also consider further requesting the implementing agencies to provide an estimation of the use of administrative costs for reporting, project implementation and internal requirements.

Incremental costs related to retooling for manufacturing heat exchangers

The Executive Committee deferred consideration of the incremental costs related to retooling for manufacturing heat exchangers to the 66th meeting.

Report on the Multilateral Fund Climate Impact Indicator (decision 65/48)

The Executive Committee noted the report on the experience gained in implementing the MCII and decided to continue the discussion of the MCII at its 66th meeting, based on intersessional discussions.

Report of the Production Sector sub-group (decision 65/49)

The Executive Committee requested the Secretariat and the World Bank to consult further with respect to the information in the verification report on China's 2010 CFC production, pursuant to decision 60/47, in order to confirm that all the requirements of that decision were fulfilled. The Secretariat would report on the issue at the 66th meeting when the Executive Committee would also consider whether China's CFC production sector phase-out plan required modification to permit exemptions for the production of CFCs for essential uses approved for other Parties for 2012.

Accounts of the Multilateral Fund

2010 final accounts (decision 65/50)

The Executive Committee noted: the Multilateral Fund's audited financial statements as at 31 December 2010; the actions taken with respect to recording the loss on the fixed-exchange-rate-mechanism, previously recorded as part of the Secretariat's expenditures, as a separate line item in the accounts of the Fund and that any losses or gains under the mechanism would be recorded in UNEP's accounts using an identifying code; the action taken regarding the return of bilateral project balances in cash as part of prior years' contributions instead of miscellaneous income; the indicative breakdown of the US \$500,000 annual fees of the Treasurer, provided by the Treasurer as a supplement to the 2010 accounts only; that document UNEP/OzL.Pro/ExCom/65/58 on the revised 2012, approved 2013 and proposed 2014 budgets contained the Secretariat's report on monitoring staff costs and assessing the appropriate rate of increase for future years; and, that the final audit report on the 2010 financial statement for the year ended 31 December 2010 was pending UNEP's review. The Executive Committee also requested the Treasurer to record in the 2011 accounts the differences between the agencies' provisional and final 2010 accounts.

Reconciliation of the accounts (decision 65/51)

The Executive Committee noted the reconciliation of the 2010 accounts and a number of reconciling items, and requested implementing agencies and the Treasurer to carry out 2010 adjustments in 2011.

Budget of the Fund Secretariat (decision 65/52)

The Executive Committee approved the revised 2012 budget of the Fund Secretariat, and the staff salary component of the 2013 (revised) and 2014 budgets. The Executive Committee requested the Secretariat to report to the Executive Committee in the future on any balances from the Secretariat budget returned to the Fund and provide information on how such balances were utilized in the document of the final accounts of the Fund.

Report of the Executive Committee to the 23rd Meeting of the Parties to the Montreal Protocol (decision 65/53)

The Executive Committee noted the draft report of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to the 23rd Meeting of the Parties (UNEP/OzL.Pro/ExCom/65/59) and authorized the Secretariat to finalize the report in the light of the discussions held and decisions taken at the 65th meeting, and to forward it for consideration by the 23rd Meeting of the Parties.

Other matters

Request from the United Arab Emirates for assistance in implementing their HPMP

A discussion was held about a possible request from the United Arab Emirates regarding funding to fulfil its commitments under the Montreal Protocol. Due to uncertainties related to the request further discussion of the subject would be deferred until such time as more specific details were available as to the nature of the request being made by the country.

66th meeting of the Executive Committee (decision 65/54)

The Executive Committee decided to hold its 66th meeting in Montreal from 16 to 20 April 2012.

Report of the 65th meeting

A complete record of all decisions made at the 65th meeting, including those covered in this document, can be found in the “Report of the Sixty-fifth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/65/60 and Corr.1) which is published on the Multilateral Fund’s website (www.multilateralfund.org). The report is available in Arabic, Chinese, English, French, and Spanish.

Annex I - Attendance at the 65th meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Australia (Chair)	Canada
Belgium	Netherlands
Czech Republic	
Japan	
France	Germany, Italy, United Kingdom of Great Britain and Northern Ireland
Switzerland	Finland, Sweden
United States of America	
Article 5	
Argentina	Brazil, Colombia, Uruguay
China (Vice Chair)	India, Indonesia, Jordan and Malaysia
Cuba	Dominican Republic, Panama
Grenada	Saint Lucia, Suriname
Kenya	Uganda
Kuwait	Bahrain, Lebanon
Morocco	Comoros, Mali