



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/65/2*
27 October 2011

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-fifth Meeting
Bali, Indonesia, 13-17 November 2011

SECRETARIAT ACTIVITIES

The Secretariat of the Multilateral Fund wishes to acknowledge with gratitude the generous hospitality of the Government of Indonesia in hosting the Sixty-fifth Meeting of the Executive Committee in Bali.

*Re-issued for technical reasons

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Introduction

1. This document presents activities of the Secretariat since the 64th Meeting of the Executive Committee.

Notification of the decisions of the 64th Meeting of the Executive Committee

2. The Report of the 64th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/64/53), containing its decisions was conveyed to all Executive Committee members, other participants of the 64th meeting and was placed on the Multilateral Fund's website in Arabic, Chinese, English, French and Spanish. Additionally, decisions related to project approvals, implementation delays and annual tranche submission delays were communicated to 71 Article 5 countries, and to the relevant bilateral and implementing agencies. A post meeting document summarizing decisions taken at the 64th meeting was sent by e-mail to all meeting participants, to UNEP OzonAction Branch for onward transmission to the regional networks, and was also placed on the Multilateral Fund's website.

Streamlining progress reporting (decision 64/6(c))

3. Pursuant to decision 64/6(c)(i) the Secretariat and the bilateral and implementing agencies agreed to hold a video conference to define the exact nature, content and timing of status information to be provided in the progress reports while exploring ways to further systematize and streamline reporting on progress to the Executive Committee across the spectrum of reports. Due to unforeseen circumstances it was not possible to hold the teleconference and the document will now be submitted to the 66th meeting instead of the 65th meeting as required by decision 64/6(c)(ii).

Outstanding contributions of the Russian Federation

4. At the 62nd meeting the Chief Officer and the Treasurer reported on the outstanding contribution of the Russian Federation, noting that it was hoped to hold a meeting with the relevant authorities of the Russian Federation in 2011. The Secretariat sent a reminder to the Russian Federation representative regarding the invitation to representatives of the Ministry of Natural Resources and the Environment and the Ministry of Finance of the Russian Federation, to meet with the Chair and Vice-Chair of the Executive Committee, the Treasurer and the Ozone Secretariat to participate in a meeting in the margins of the 23rd Meeting of the Parties to the Montreal Protocol (MOP) in Bali, Indonesia. A letter received by the Secretariat on 26 October 2011 from the Director of the Department of International Cooperation of the Ministry of Natural Resources and Environment (MNRE) confirmed that MNRE and the Ministry of Foreign Affairs would attend the consultations. Although the Russian Ministry of Finance (MINFIN) was not in a position to send a representative, it was felt that the Director of the Legal Department and the Deputy Director of the Department of Economy and Finance of MNRE would compensate for this absence. The Director of the Department of International Cooperation also extended an invitation to carry out a second round of official consultations, which would include MINFIN, in Moscow.

Review of tasks in preparation for the 65th Meeting

5. The Secretariat has undertaken the following tasks in preparation for the 65th Meeting.

Status of resources and planning

Balances and availability of resources

6. For the preparation of document UNEP/OzL.Pro/ExCom/65/4 the Secretariat reviewed the obligated and unobligated balances from completed projects held by agencies, and any agency support costs associated with the funds remaining from those completed projects. The document includes a

calculation of the total amount of resources available to the Executive Committee for approvals at the 65th Meeting after taking into account returns from balances on completed projects and transferred amounts.

2011-2014 Business plans and annual tranche submission delays

7. Document UNEP/OzL.Pro/ExCom/65/5 provides the Secretariat's review of the status of the implementation of the 2011-2014 business plan in light of the review of submissions to the 65th meeting, allocations in the 2011-2014 business plans and approvals at the 63rd and 64th meetings. As regards HCFC phase-out management plans (HPMPs) it includes a section on the recommended/proposed funding values compared to the values in the business plans following the completion of project review and the associated draft agreements for the HPMPs.

Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol

8. Document UNEP/OzL.Pro/ExCom/65/6 includes an update on the status of and prospects for compliance of Article 5 countries that are subject to the Montreal Protocol's control measures. It covers information on Article 5 countries that are subject to decisions of the Parties and recommendations of the Implementation Committee on compliance; data on the implementation of country programmes, including an analysis of ODS consumption data by sector; and information on projects with implementation delays and projects for which additional status reports had been requested. The document was also conveyed to the Ozone Secretariat for transmission to the 47th Meeting of the Implementation Committee under the Non-Compliance Procedure for the Montreal Protocol.

Monitoring and evaluation

9. Document UNEP/OzL.Pro/ExCom/65/7 presents a consolidated project completion report (PCR), analyzing the overview of results in the 12 investment and 71 non-investment projects submitted by bilateral and implementing agencies since the 62nd meeting in November 2010. Twenty-four PCRs for investment projects and 95 for non-investment projects are still outstanding. The lessons learned regarding the implementation of terminal phase-out management plans (TPMPs), refrigerant management plans, and methyl bromide projects reported in PCRs are summarized in an annex to the document. In response to decision 62/6(c) document UNEP/OzL.Pro/ExCom/65/8 presents a report format for multi-year agreement projects that was developed following discussions between the Secretariat and the implementing agencies.

10. In accordance with decision 63/11 the desk study on evaluation of multi-year agreement projects (document UNEP/OzL.Pro/ExCom/65/9) was prepared as part of the monitoring and evaluation work programme for 2011. The study involved an examination of documents from a sample of 36 multi-year agreements (MYAs) in 32 countries from a total of 160 MYAs funded until December 2010 and a number of related sources of information.

11. The Senior Monitoring and Evaluation Officer (SMEO) also prepared document UNEP/OzL.Pro/ExCom/65/10, which contains a review of the publication "Regulations to Control Ozone Depleting Substances: a Guide Book (2000)" following a request made at the 63rd meeting for the SMEO to consult the aforementioned publication prior to presenting a revised proposal for an evaluation of ODS licensing and regulatory systems, and a draft monitoring and evaluation work programme for 2012 (document UNEP/OzL.Pro/ExCom/65/11).

Report on implementation of approved projects with specific reporting requirements

12. Documents UNEP/OzL.Pro/ExCom/65/12 & Add.1 contain the review and comments by the Secretariat of outstanding progress reports on the implementation of national phase-out plans (NPPs),

TPMPs, sector plans, and HCFC demonstration and investment projects, where specific reporting requirements are contained in the agreements and in the relevant decisions of the Executive Committee taken between the 59th and 64th meetings. Document UNEP/OzL.Pro/ExCom/65/12/Add.1 also includes an assessment of the progress made on the global chiller replacement project (China, India, Indonesia, Jordan, Malaysia, the Philippines, and Tunisia) that was approved at the 47th meeting.

Project Review

13. The Secretariat prepared document UNEP/OzL.Pro/ExCom/65/13 which includes an outline of and statistics on the submissions received from implementing and bilateral agencies. The Secretariat received 115 funding requests from bilateral and implementing agencies including new MYAs and projects and activities amounting to US \$110,602,792. The submission included: 17 HPMPs for low-volume consuming (LVC) countries and 17 HPMPs for non-LVC countries; one HCFC phase-out solvent sector plan for China; two methyl bromide activities for one country; one technical assistance programme; one tranche of an approved phase-out project; 14 renewals of institutional strengthening projects; activities from the work programme amendments of the four agencies; the core units of UNDP, UNIDO and the World Bank; and the UNEP Compliance Assistance Programme (CAP). Following review by the Secretariat, 17 projects and activities are recommended for blanket approval and 74 were forwarded for individual consideration by the Executive Committee. The total funding requested at the 65th meeting amounts to US \$44,720,888.

2012 core unit costs for UNDP, UNIDO and the World Bank, and administrative cost regime for the 2012-2014 triennium (decisions 62/25(c) and 64/6(c)(iii))

14. The Secretariat prepared document UNEP/OzL.Pro/ExCom/65/20 which presents a review of the core unit budget data and other administrative costs of UNDP, UNIDO and the World Bank for 2012 and an assessment of the extent to which resources available for administrative costs in 2011 could cover expected costs in 2012 costs. It also considers options for the administrative cost regime for the 2012-2014 triennium in light of decisions 62/25(c) and 64/6(c)(iii)). The latter section of the document was developed together with the implementing agencies through a video conference held on 6 October 2011.

Incremental costs related to retooling for manufacturing heat exchangers (decisions 61/45 and 62/61)

15. In response to decision 61/45(c) and 62/61, the Secretariat prepared document UNEP/OzL.Pro/ExCom/65/53 on the level of incremental costs related to retooling for manufacturing of tube-and-fin heat exchangers for consideration by the Executive Committee.

Multilateral Fund climate impact indicator

16. Pursuant to decision 64/51, by which the Executive Committee decided to continue discussion of the Multilateral Fund climate impact indicator (MCII) at its 65th meeting, the Secretariat re-issued the report on the MCII as document UNEP/OzL.Pro/ExCom/65/54 .

Production sector

17. The Secretariat prepared a number of documents on HCFC production phase-out issues for the meeting of the Sub-group on the Production Sector which would take place in the margins of the 65th meeting of the Executive Committee. The meeting of the sub-group would include a presentation of the interim report of the technical audit of the HCFC production sector in China by the consultant undertaking the study. The Secretariat also prepared a draft decision on guidelines for the HCFC production sector based on previous discussions as well as documents on the China and India CFC production sector phase-out issues.

Accounts of the Multilateral Fund

18. The Secretariat reviewed the document on the final 2010 accounts prepared by the Treasurer together with the 2010 accounts of the Secretariat and highlighted the changes since the presentation of the provisional accounts at the 64th meeting (document UNEP/OzL.Pro/ExCom/65/56). The document indicates action taken with respect to recording the fixed-exchange-rate mechanism (FERM) as a separate line item in the accounts as well as recording the returns on bilateral projects in cash as part of the payment against pledges. The reconciliation of the Multilateral Fund accounts is presented as document UNEP/OzL.Pro/ExCom/65/57.

Revised 2012 and 2013, and proposed 2014 budgets of the Fund Secretariat

19. Document UNEP/OzL.Pro/ExCom/65/58 includes a revision of the 2012 budget to introduce the Secretariat's operational costs with an overall reduced level compared to those approved for 2011. It also presents revised 2012 and 2013 budgets for staff costs and proposes a 2014 budget to cover staff costs for 2014. The document also presents a report in accordance with decision 60/49(b) in which the Executive Committee requested the Secretariat to continue monitoring staff costs to assess the appropriate rate of increase.

Draft report of the Executive Committee of the Multilateral Fund to the Twenty-third Meeting of the Parties to the Montreal Protocol

20. Pursuant to the Terms of Reference of the Executive Committee of the Multilateral Fund, the Secretariat prepared the draft report to the Twenty-third Meeting of the Parties (document UNEP/OzL.Pro/ExCom/65/59) which contains the relevant decisions taken by the Executive Committee at its 62nd, 63rd and 64th meetings. The document will be updated to incorporate any comments and the relevant decisions taken at the 65th meeting following that meeting.

Documents and policy papers prepared by the Fund Secretariat

21. Of the documents submitted for consideration at the 65th meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated agenda;
- Secretariat activities;
- Status of contributions and disbursements (jointly with the Treasurer);
- Report on balances and availability of resources;
- 2010-2014 business plans and annual tranche submission delays;
- Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol;
- 2011 consolidated project completion report;
- Completion report format for multi-year agreement projects;
- Desk study on evaluation of multi-year agreement projects;
- Report on the review of document "Regulations to Control Ozone Depleting Substances: a Guide Book (2000)";
- Draft Monitoring and Evaluation work programme for the year 2012;
- Report on implementation of approved projects with specific reporting requirements;
- Overview of issues identified during project review;
- Bilateral cooperation;
- Comments and recommendations on the 2011 Amendments to work programmes of UNDP, UNEP, UNIDO and the World Bank (4 documents);
- Comments on the Compliance Assistance Programme (CAP) budget for 2012;

- 2012 core unit costs for UNDP, UNIDO and the World Bank, and administrative cost regime for the 2012-2014 triennium (decisions 62/25(c) and 64/6(c)(iii));
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 65th meeting (31 documents);
- Incremental costs related to retooling for manufacturing heat exchangers (decisions 61/45 and 62/61);
- Report on the Multilateral Fund climate impact indicator (decisions 59/45, 62/62, 63/62, and 64/51);
- Report of the Sub-group on the Production Sector;
- 2010 Final accounts (jointly with the Treasurer);
- Reconciliation of the accounts (decision 59/50);
- Revised 2011 and 2012, and proposed 2013 budgets of the Fund Secretariat; and,
- Draft report of the Executive Committee of the Multilateral Fund to the Twenty-third Meeting of the Parties to the Montreal Protocol.

Cooperation with other Multilateral Environmental Agreements (MEAs) and other organizations

22. The United Nations Office of Internal Oversight Services (OIOS) in New York is conducting a series of interviews with key individuals to help narrow the scope and define the parameters of the upcoming UNEP evaluation. More specifically, this evaluation will address the relevance, efficiency and effectiveness (including impact) of UNEP programme's performance relative to its mandate or goals. As part of the process the Chief Officer took part in a teleconference with the team from OIOS New York in September 2011.

23. The Chief Officer was also interviewed as part of a consultative process with a wide range of Montreal Protocol experts in order to provide input to the forthcoming UNEP report "The Montreal Protocol and the Green Economy: Assessing the contributions and co-benefits of a Multilateral Environmental Agreement".

24. The Fund Secretariat also provided information and documentation for the Evaluation of the Financial Mechanism of the Montreal Protocol.

Meetings attended and missions undertaken

Tehran, Islamic Republic of Iran (2–8 September 2011)

25. The Deputy Chief Officer travelled to Tehran where, on behalf of the Fund Secretariat, he made statements at the ceremony for launching the HPMP for the Islamic Republic of Iran and the awareness meeting on the transition to CFC-free MDI products. In addition to taking part in ozone day celebrations, he also participated in a number of other meetings related to the implementation of the HPMP.

Bali, Indonesia (18-25 September 2011)

26. The Senior Administrative and Fund Management Officer together with the Associate Information Technology Officer visited Bali a second time since the Government of Indonesia had changed the venue of the meeting, which made it necessary to assess the suitability of the new location and address issues including the Host Government Agreement, information technology infrastructure for the paperless meeting, special room rates, allocation of meeting space and offices, and local support staff.

Nairobi, Kenya (26-30 September 2011)

27. The Senior Administrative and Fund Management Officer together with the Administrative Assistant attended the meeting of UNEP's Administrative Management team.

Port of Spain, Trinidad and Tobago (5-7 October 2011)

28. A Senior Programme Management Officer attended the Joint Meeting of the Latin American and Caribbean Networks of Ozone Officers to make a presentation on decisions of the 64th meeting of the Executive Committee. He also held a number of discussions with countries and agencies regarding submissions to the 65th meeting.

Harare, Zimbabwe (21-29 October 2011)

29. A Programme Management Officer participated in the Joint Meeting of the Ozone Officers Network of English-Speaking and French-Speaking Africa where he gave a presentation on recent decisions of the Executive Committee.

Recruitment

30. The Secretariat made calls for applications for the following: experts in monitoring and evaluation for inclusion in a roster of experts namely, an expert in design and manufacturing of refrigerant-to-air heat exchangers, and report writers residing in the Asia region.

Preparation for the 65th Meeting of the Executive Committee

31. Logistic arrangements were made for the 65th Meeting of the Executive Committee, to be held at the Sanur Beach Hotel, Bali, Indonesia from 13 to 17 November 2011. Letters of invitation were sent to members of the Executive Committee, the President of the Bureau of the Twenty-second Meeting of the Parties, the President and Vice President of the Implementation Committee, the Executive Director of UNEP, the Executive Secretary of the Ozone Secretariat, the implementing agencies, and non-governmental organizations and co-sponsored delegates. In collaboration with the Ozone Secretariat the Secretariat, provided a draft Host Country Agreement to the Government of Indonesia containing the financial and logistical requirements to hold the meeting in Bali instead of Montreal.

Information activities

32. A site containing documents in Arabic, Chinese, English, French and Spanish, and logistical information on the 65th meeting was created on the Multilateral Fund website. In addition a site, limited to Executive Committee members and implementing agencies, was created for the meeting of the Sub-group on the Production sector.

33. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines for the 65th meeting:

- Inventory of Approved Projects as of July 2011;
- Country Programme Summary Sheets as of July 2011;
- Policies, Procedures, Guidelines and Criteria as of July 2011;
- Phase-out plans and projects as of July 2011;
- HCFC phase-out management plans as of July 2011.
