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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-sixth Meeting
Montreal, 16-20 April 2012

SECRETARIAT ACTIVITIES

Introduction

1. This document presents the activities of the Secretariat since the 65th meeting of the Executive Committee.

Notification of the decisions of the 65th meeting of the Executive Committee

2. The Report of the 65th meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/65/60 and Corr.1), containing its decisions was conveyed to all Executive Committee members, other participants of the 65th 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 54 Article 5 countries, and to the relevant bilateral and implementing agencies. A post meeting document summarizing decisions taken at the 65th 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.

Decisions of the 65th meeting requesting certain actions

3. The Secretariat sent instructions to the Treasurer to transfer funds to the four implementing agencies regarding the net allocations approved at the 65th meeting and to offset bilateral project approvals against the concerned countries' contributions.

Outstanding contributions of the Russian Federation

4. The Chair of the Executive Committee, Chief Officer, Senior Administrative and Fund Management Officer, Treasurer and Deputy Executive Secretary the Ozone Secretariat met with representatives of the Russian Federation in the margins of the 23rd Meeting of the Parties (MOP) to the Montreal Protocol in Bali, Indonesia, to discuss the outstanding contributions of the Russian Federation. Following the meeting the Secretariat received an invitation from the Director of the Department of International Cooperation of the Russian Federation to carry out a second round of official consultations in Moscow in April 2012. A preliminary mission, consisting of the Chief Officer, Senior Administrative and Fund Management Officer and Treasurer, is scheduled for 26-27 April 2012 to attend meetings with the Ministries of Finance, Foreign Affairs and Environment in Moscow. A further report on progress will be provided to the Executive Committee at the 66th meeting.

Review of tasks in preparation for the 66th meeting

5. The Secretariat has undertaken the following tasks in preparation for the 66th meeting.

Status of resources and planning

Balances and availability of resources

6. For the preparation of document UNEP/OzL.Pro/ExCom/66/4 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 66th meeting (US \$31,429,890 as at 22 March 2012), which would be insufficient to fund all project proposals submitted to the 66th meeting.

Financial planning for the 2012-2014 triennium

7. The Secretariat prepared a document on financial planning (UNEP/OzL.Pro/ExCom/66/5) to assist the Executive Committee to address relevant elements of decision XXIII/15 taken by the Parties at

their 23rd Meeting regarding the replenishment of the Multilateral Fund and the US \$450,000,000 budget approved by the Parties. The Secretariat reviewed the commitments and resources available for new activities, bilateral contributions and resource availability in the light of expected cash flow during the triennium and proposed annual budgets for the Executive Committee's consideration.

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. The Secretariat prepared an update on the status of and prospects for compliance of Article 5 countries that are subject to the Montreal Protocol's control measures (document UNEP/OzL.Pro/ExCom/66/6). 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. In line with decision 59/4(b)(iv), the Secretariat reviewed the web-based country programme implementation data and noted that 59 countries submitted 2010 data using the web based system.

2012-2014 Business plans of the Multilateral Fund

9. The Fund Secretariat together with the bilateral and implementing agencies reviewed the business plans of the agencies, including funding for HCFC phase-out, multi-year agreements (MYAs) and standard costs, and ODS disposal in a coordination meeting held in Montreal from 7 to 9 February 2012. The agencies' plans address the 2012 to 2014 triennium pursuant to decision 63/5(f)(ii) but also include multi-year agreement (MYA) activities planned after 2014. The Secretariat prepared a consolidated version of the agencies' 2012-2014 business plans, as document UNEP/OzL.Pro/ExCom/66/7).

Programme implementation

Monitoring and Evaluation

10. Pursuant to decision 65/7, comments and observations made on the desk study on the evaluation of multi-year agreement projects were posted on a restricted area of the Multilateral Fund website. These plus other comments and observations made intersessionally by the 2011 Executive Committee members were compiled into document UNEP/OzL.Pro/ExCom/66/13. The Senior Monitoring and Evaluation Officer prepared the terms of reference for the evaluation of multi-year agreement projects (second phase) (document UNEP/OzL.Pro/ExCom/66/14).

11. The desk study on the evaluation of methyl bromide projects (document UNEP/OzL.Pro/ExCom/66/15) was submitted for consideration at the 66th meeting. The evaluation of methyl bromide (MB) projects is part of the 2012 monitoring and evaluation work programme, which was approved at the 65th meeting (decision 65/9) in response to concerns that alternatives adopted through investment projects in Africa are not sustainable in the long term.

Annual tranche submission delays

12. The Secretariat prepared information on the submission of annual tranches due to the 66th meeting as document UNEP/OzL.Pro/ExCom/66/16 and noted that ten out of the 17 annual tranches that were due, had been submitted.

Review of approved projects with specific reporting requirements

13. Document UNEP/OzL.Pro/ExCom/66/17 contains the review and comments by the Secretariat of progress reports on the implementation of projects where specific reporting requirements are included in the corresponding multi-year agreements. Implementing agencies submitted 18 reports: 7 national phase out plans/terminal phase-out management plans, 2 sector plans, 1 institutional strengthening project, 2 ODS destruction projects, 4 global resource mobilization projects, and 2 HCFC demonstration projects (foam sector). The Secretariat considered the progress reports in light of the original project proposals, ODS data reported by the respective Governments under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the MOP.

Systematizing and streamlining reporting on progress to the Executive Committee across the spectrum of reports

14. Pursuant to decision 64/6(c)(ii) the Secretariat prepared a report on the outcome of discussions at the inter-agency coordination meeting between the Secretariat and the bilateral and implementing agencies on the nature, content and timing of status information to be provided in the progress reports. Document UNEP/OzL.Pro/ExCom/66/18 provides recommendations on ways to further systematize and streamline reporting on progress to the Executive Committee.

Options for an administrative cost regime for the 2012-2014 triennium

15. The Secretariat prepared document UNEP/OzL.Pro/ExCom/66/19, which contains a further assessment of administrative costs for the 2012-2014 triennium, including the options that were discussed during the 65th meeting.

Project Review

16. The Secretariat prepared document UNEP/OzL.Pro/ExCom/66/20 which included an outline of and statistics on the 85 funding requests received from implementing and bilateral agencies for new HCFC phase-out plans (HPMPs), tranches of approved multi-year agreements and projects and activities, amounting to US \$112,597,371, including agency support costs where applicable. The submissions included: 8 HPMPs for low-volume-consuming (LVC) countries and 11 for non-LVC countries (including two that were withdrawn); second tranches of four approved HPMPs; and the payment of the balance of the first tranche of an approved HPMP; one tranche of an approved methyl bromide phase-out project; the second tranche of an accelerated CFC production phase-out project; seven ODS pilot demonstration activities (four at the country level, one at the regional level and two requests for project preparation); 13 renewal requests for institutional strengthening projects; and a global activity for the development of a guide for sustainable refrigerated facilities and systems..

17. Following the project review process, 14 projects and activities totalling US \$4,249,508 including support costs are recommended for blanket approval; 52 projects and activities totalling US \$80,133,308 including support costs (of which US \$35,814,039 is requested at the 66th meeting) are being forwarded for individual consideration by the Executive Committee. The total level of resources available for approvals by the Executive Committee at the 66th meeting is US \$31,429,890, as of 9 March 2012. This amount is lower than the US \$40,063,547 being requested for projects and activities at this meeting.

Provision of information on second-stage conversions

18. At the 65th meeting a contact group discussed the information that was required by the Executive Committee to enable the assessment of the need for funding second-stage conversion projects either because they are required to assist countries to meet up to the 35 per cent compliance target in 2020, or because they are the most cost-effective projects that the country can undertake to achieve those targets.

The Secretariat prepared document UNEP/OzL.Pro/ExCom/66/49 containing information on previous conversions funded by the Multilateral Fund, and describing the conditions under which agreements were signed with Article 5 countries for the phase-out of CFCs.

Options for a tracking system for HCFC-141b-based pre-blended polyols exported by systems houses and used by foam enterprises in importing Article 5 countries

19. The Secretariat prepared document UNEP/OzL.Pro/ExCom/66/50 in response to decision 65/12(b) by which it was requested to prepare a document on options for a tracking system to correlate, by country, the amounts of HCFC-141b-based pre-blended polyols exported by systems houses with those used by foam enterprises in importing Article 5 countries that had been approved for phase-out, which could be updated on a periodic basis. The document includes an overview and discussion on data relating to the import and export of HCFC-141b-based pre-blended polyols in Article 5 countries.

Incremental costs related to retooling for manufacturing heat exchangers

20. In response to decisions 61/45(c) and 62/61, the Secretariat prepared an update of the document presented to the 65th meeting on the level of incremental costs related to retooling for manufacturing of tube-and-fin heat exchangers. Document UNEP/OzL.Pro/ExCom/66/51 contains additional technical comments provided by the World Bank.

Multilateral Fund Climate Impact Indicator

21. In response to decision 65/48, the Secretariat set up a discussion forum, which included a trial version of the Multilateral Fund Climate Impact Indicator (MCII) and relevant documentation, to allow Executive Committee members and implementing agencies to post their views on the MCII. Feedback from the Executive Committee on the MCII (extracted from the Secretariat's on-line discussion forum) are annexed to document UNEP/OzL.Pro/ExCom/66/52.

HCFC Production sector

22. The Secretariat prepared a number of documents on HCFC production phase-out matters for the meeting of the Sub-group on the Production Sector which would be re-constituted at the 66th meeting. Production sector documents are available on a restricted area of the website and are limited to members of the Executive Committee. The draft report of the technical audit of the HCFC production sector in China will be limited only to members of the Sub-group on the Production Sector.

Documents and policy papers prepared by the Fund Secretariat

23. Of the documents submitted for consideration at the 66th meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated provisional agenda;
- Secretariat activities;
- Status of contributions and disbursements (jointly with the Treasurer);
- Report on balances and availability of resources;
- Financial planning for the 2012-2014 triennium;
- Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol;
- Consolidated 2012-2014 business plan of the Multilateral Fund;
- Comments on agencies' business plans for the years 2012-2014;
- Compilation of comments and responses received on the desk study on the evaluation of multi-year agreement projects (decision 65/7);

- Terms of reference for the evaluation of multi-year agreement projects (second phase);
- Desk study on the evaluation of methyl bromide projects;
- Annual tranche submission delays;
- Report on implementation of approved projects with specific reporting requirements;
- Systematizing and streamlining reporting on progress to the Executive Committee across the spectrum of reports;
- Options for an administrative cost regime for the 2012-2014 triennium (decision 65/18);
- Overview of issues identified during project review;
- Bilateral cooperation;
- Comments and recommendations on the 2012 work programmes of UNEP, UNDP, UNIDO and the World Bank (4 documents);
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 66th meeting (22 documents);
- Information on previous conversions funded by the Multilateral Fund, and describing the conditions under which agreements were signed with Article 5 countries on the phase-out of CFCs;
- Options for a tracking system for HCFC-141-based pre-blended polyols;
- Incremental costs related to retooling for manufacturing heat exchangers (decisions 61/45 and 62/61); and
- Report on the Multilateral Fund Climate Impact Indicator (decisions 59/45, 62/62, 63/62, 64/51 and 65/48).

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

24. The Fund Secretariat received an invitation to participate in the third session of the International Conference on Chemicals Management (ICCM), which has been scheduled from 17 to 21 September 2012 in Nairobi, Kenya.

25. The Chief Officer also received a request from the Head of Chemicals Branch of DTIE/UNEP that referred to resolution II/3 of the second session of ICCM on the financial and technical resources for implementation of the Strategic Approach to International Chemicals Management (SAICM), and specifically for all stakeholders “to assess and report to the secretariat on the steps that they have taken to implement the Strategic Approach financial arrangements at the latest six months before the third session of the Conference and requests the secretariat to compile and synthesize these reports, including any additional relevant information, for consideration by the Conference at its third session”. The Secretariat was in the process of preparing a response at the time this document was issued.

Meetings attended and missions undertaken

Missions of the Chief Officer

Beijing, China (16-21 December 2011)

26. The Chief Officer, together with the Chair of the Executive Committee in 2011, Mr. Patrick McInerney of Australia, attended the launch of the HCFC phase-out plan for China. The meeting was hosted by the Ministry of Environmental Protection (MEP) of the Government of China and other attendees included representatives of UNDP, UNEP, UNIDO, the World Bank and the German Agency for International Cooperation (GIZ) as well as China’s refrigeration and foam industries. The meeting was opened by Mr. Zhang Lijun, the Vice Minister of MEP, and both the Chief Officer and the Chair gave speeches to the plenary. A number of meetings with industry representatives were held to disseminate information on the HPMP including the requirements for project implementation.

Nairobi, Kenya (18-24 February 2012)

27. The Chief Officer and the Senior Administrative and Fund Management Officer visited Nairobi to attend the 12th Special Session of the Governing Council/Global Ministerial Environment Forum (GC/GMEF) which took place from 20 to 22 February 2012. The opportunity was taken to explain the special status of the Multilateral Fund in respect of UNEP and its MEAs. The Chief Officer also took part in the retreat of UNEP's Senior Management Team on 23 February.

28. The Senior Administrative and Fund Management Officer met with a number of senior UNEP and UNON staff in Nairobi regarding administrative, finance and human resource matters related to the Fund Secretariat.

Missions of other staff*Dominica (25-30 March 2012)*

29. A Programme Management Officer participated in the meeting of English-speaking Caribbean network of ozone officers held from 27 to 29 March 2012 in Dominica.

Inter-agency coordination meeting

30. In order to facilitate preparations for the 66th meeting, the implementing agencies and the Fund Secretariat held an inter-agency coordination meeting in Montreal from 7 to 9 February 2012. Participants included Secretariat staff, representatives of all four implementing agencies and three bilateral agencies (Germany, Italy and Japan) and the Ozone Secretariat. The meeting enabled participants to discuss a wide range of issues including: the 25th anniversary of the Montreal Protocol; financial planning for the 2012-2014 triennium; business planning; administrative costs for implementing agencies; project review issues related to the 66th meeting; monitoring and evaluation matters; and the climate impact indicator (MCII). Pursuant to decision 64/6(c)(i) the Secretariat and the bilateral and implementing agencies discussed the 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.

Implementation of International Public Sector Accounting Standards (IPSAS)

31. The United Nations is working towards the adoption of the International Public Sector Accounting Standards (IPSAS). Various drafts of the proposed changes in the financial regulations, together with the IPSAS policy framework, were submitted to the Secretariat for review in preparation for the implementation of IPSAS as new accounting system for UNEP.

Staff recruitment and selection progress report

32. The post of Programme Assistant to the Deputy Chief Officer was filled on 19 March 2012 while the post of the Information Technology Assistant has been re-advertised and the selection process is underway. The job opening for the post of Information Technology Officer was cleared by UNEP's central review body and posted in the United Nations online recruitment system, INSPIRA, on 30 March 2012.

Staff training

33. In preparation for the rollout of a new e-performance tool on 1 April 2012 all staff of the Fund Secretariat attended courses (5-6 March 2012) related to performance management and development.

34. Two Senior Programme Officers will attend Module I of the United Nations Management Development Programme (MDP) in New York from 10 to 13 April 2012.

Preparation for the meetings of the Executive Committee

35. Logistic arrangements were made for the 66th meeting of the Executive Committee, to be held at the International Civil Aviation Organization, Montreal, Canada from 16 to 20 April 2012. Letters of invitation and passwords to access restricted areas of the website were provided to members of the Executive Committee, the President of the Bureau of the 23rd 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 NGOs.

Information activities

36. A meeting site was created for the 66th meeting containing documents and logistical information. Documents for limited distribution were placed in a password-protected restricted area of the website. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines in preparation for the 66th meeting:

- Inventory of Approved Projects as of November 2011;
- Country Programme Summary Sheets as of November 2011;
- Policies, Procedures, Guidelines and Criteria as of November 2011;
- HCFC phase-out plans and projects as of November 2011;
- Executive Committee Primer (2012).
