



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL
Post Meeting Summary of Decisions of the 68th Meeting of the Executive Committee of the
Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 68th meeting of the Executive Committee, which took place in Montreal, Canada, from 3 to 7 December 2012, was attended by the representatives of 13 of the Executive Committee member Parties and by participants co-opted from 20 other countries (see attached list). Mr. Xiao Xuezhi of China presided over his third and final meeting as Chair of the Executive Committee in 2012. A representative of the Executive Director of UNEP, the Executive Secretary with a staff member of the Ozone Secretariat, representatives of the implementing agencies, the Treasurer, the President and Vice-President of the Implementation Committee, and representatives from the Global Environment Facility Secretariat, the Alliance for Responsible Atmospheric Policy, the Environmental Investigation Agency and Shecco also attended the meeting.

At this meeting, the Committee dealt with items related to the established programme of work for the third meeting of the year which included the draft monitoring and evaluation work programme, the consolidated project completion report (PCR), UNEP's Compliance Assistance Programme (CAP) budget, core unit costs for UNDP, UNIDO and the World Bank, the accounts of the Multilateral Fund and the budget for the Fund Secretariat. The Committee addressed activities related to the monitoring and evaluation work programme and considered the assessment of the administrative cost regime for the 2015-2017 triennium, the policy issue related to maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector. The Committee also considered three policy papers: 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; procedures currently in force for the submission of project proposals from bilateral and implementing agencies on behalf of governments of Article 5 countries; and recruitment process for the position of Chief Officer of the Multilateral Fund Secretariat. In the margins of the meeting, the Sub-group on the Production Sector discussed the modification of China's CFC production sector phase-out plan to permit essential use exemptions, the HCFC production phase-out management plan (HPPMP) for China and the final technical audit report, and the Secretariat's analysis pursuant to decision 67/36(a).

The Executive Committee approved agreements for stage I of HCFC phase-out management plans (HPMPs) for 11 countries, HPMP tranche requests for 10 countries, two methyl bromide (MB) phase-out tranche requests and institutional strengthening (IS) projects, and an ODS disposal and destruction technical assistance project. The funding approved amounts to US \$63.98 million plus US \$10.47 million in support costs for bilateral and implementing agencies for projects and activities in 48 countries. The most significant of the 46 decisions taken at the meeting are summarized below.

Status of contributions and disbursements (decision 68/1)

The balance of the Fund stood at US \$67,034,991, of which US \$53,704,566 was in cash and US \$13,330,425 in promissory notes. The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible.

Status of resources and planning

Report on balances and availability of resources (decision 68/2)

Bilateral and implementing agencies returned US \$1,032,804 (including net level of funds and support costs, and accrued interest) to the Multilateral Fund. The Executive Committee requested the Treasurer to follow up with the Governments of France and Italy on the cash transfer of their respective returns; and implementing agencies with projects completed in 2007 and 2008 to return the balances as soon as possible. The Committee approved an additional US \$57,579 in support costs for UNEP for the national CFC phase-out plan for the Philippines (PHI/PHA/66/INV/94), in accordance with decision 66/2(a)(iv). The Committee also approved the transfers of the terminal phase-out management plan (TPMP) for the Plurinational State of Bolivia from the Government of Canada to UNDP, and the national ODS phase-out plan (NPP) for Tunisia from the World Bank to UNIDO, and subsequently the transfers of the remaining balances and support costs, and the revised Agreements between the Governments concerned and the Executive Committee.

2012-2014 business plans and tranche submission delays (decision 68/3)

The Executive Committee noted the report on the status of the 2012-2014 business plans and tranche submission delays, the reports provided by UNEP and the World Bank on their discussions with countries on the 2011 business plan's qualitative performance evaluations, and that 23 out of 26 tranches of multi-year projects due for submission had been submitted on time to the 68th meeting. The Committee requested UNEP to report to the 69th meeting on the action taken for projects in Haiti to improve training components and fund transfer and to provide sufficient technical advice for technology decision-making, and the bilateral and implementing agencies to address in their 2013-2015 business plans those activities not submitted in 2012 as planned. The Fund Secretariat was requested to adjust all new activities in the 2013-2015 business plans for 2013 and 2014 to the budget allocation for the 2012-2014 triennium and to allocate up to US \$150 million for all activities in 2015, for planning purposes; and to send letters to the Governments of Angola and Chile urging the submission of the second tranches of their HPMPs to the 69th meeting. The Committee also requested the Secretariat and bilateral and implementing agencies to take into account the planned commitments and standard activities in business planning for new activities in 2015, assuming continued CAP, IS, core unit and project preparation for HPMPs at current rates, with growth as allowed by existing decisions, for planning purposes.

Status reports and compliance (decision 68/4)

The Executive Committee considered the document on status reports and compliance, and noted that 65 country programme (CP) implementation reports for the year 2011 had been submitted through the web-based system; and that the total production of CTC for China should be revised to 415.06 metric tonnes, consisting of 179.92 metric tonnes for process agent uses and 235.14 metric tonnes for laboratory uses. The implementing agencies were requested to consider the need for additional MB projects, taking into account the evaluation of MB projects, in the potential countries that had remaining consumption of MB not covered under approved projects or were exempt from compliance pursuant to decision XV/12 of the Fifteenth meeting of the Parties; and to include in their 2013-2015 business plans stage I of the HPMPs for Barbados, Botswana, Libya, Mauritania, South Sudan and Tunisia, that had not yet submitted their HPMPs. The Committee also requested the Governments of Indonesia, Kenya, Mozambique, Panama, Papua New Guinea and Timor-Leste to report to the Secretariat, as a matter of urgency, on whether their licensing systems were functioning "satisfactorily", "very well" or "not so well"; and the Governments to report, on a voluntary basis, on an average import Free on Board price for each ODS and ODS substitute in the revised CP format mandated by decision 63/4(b)(ii).

The Executive Committee considered a number of reports submitted pursuant to decision 66/16(b)(iv)

including: progress and/or verification reports on NPPs from the Governments of Nigeria and Tunisia; progress report on the implementation of methyl bromide phase-out project from the Government of Costa Rica; and reports on process agent sector phase-out plan 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 took note of the important information on resource mobilization provided in the desk study on the evaluation of chiller projects, and requested that UNDP, UNEP, UNIDO and the World Bank take into account the information provided in the desk study, where relevant, and incorporate such information in the final reports on resource mobilization for climate co-benefits to be presented to the 69th meeting in the context of the terms of reference set out in decisions 63/20, 63/22, 63/23 and 63/24. The Secretariat was requested, in its review and summary of the final reports, to include an elaboration of the elements called for in the decisions of the 63rd meeting, in consultation with the respective implementing agency, and to provide its recommendations to the 69th meeting on criteria identified in those final reports that could facilitate consideration of whether to engage in a short-term pilot scheme for mobilization of financing for non-eligible projects.

With respect to UNEP's progress report on the implementation of decision 66/15 on the IS project in the Democratic People's Republic of Korea, the Executive Committee noted the progress report submitted.

Programme implementation: Monitoring and Evaluation

2012 consolidated project completion report (decision 68/5)

The Executive Committee requested bilateral and implementing agencies, by the end of January 2013, to establish full consistency of data reported in the PCRs in the Inventory of approved projects database and in the annual progress reports, in cooperation with the Secretariat, to provide the information still missing in a number of PCRs, and to clear the backlog of PCRs on projects completed before the end of 2006. 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.

2012 consolidated multi-year agreement project completion report (decision 68/6)

The multi-year agreement (MYA) PCR format had been developed pursuant to decision 62/6(c), and noted by the Executive Committee in decision 65/6. Since that time, only one submission had been made in electronic format, and another in PDF format. The issue of low reporting rate was discussed, and based on the outcome the Committee requested bilateral and implementing agencies to submit the MYA PCRs to the second meeting of the Executive Committee each year.

Multi-year agreement database for HCFC phase-out management plans (decision 68/7)

The Executive Committee took note of the report on the MYA database for HPMPs, and encouraged the Senior Monitoring and Evaluation Officer, the Secretariat and the implementing agencies to continue to cooperate to further enhance the user-friendliness of the electronic online reporting systems (MYA database for HPMPs and MYA PCRs) with a view to facilitating the process of submitting actual and complete information to the Senior Monitoring and Evaluation Officer and the Committee in a timely and efficient manner. The Committee also requested the Senior Monitoring and Evaluation Officer to report to the Executive Committee at the 70th meeting on the progress made.

Desk study on the evaluation of chiller projects (decision 68/8)

The Executive Committee took note of the information provided in the desk study on the evaluation of chiller projects, and would consider at its 71st meeting the need for a field evaluation of chiller projects in the context of the proposed 2014 monitoring and evaluation work programme. The Committee also requested the Fund Secretariat to prepare annually a report on the progress of ongoing chiller projects, highlighting key progress in implementation of activities, any further information on co-financing arrangements, information on ODS replaced and any energy efficiency gains achieved through chiller conversions, with the first annual report to be presented to the Committee at its 71st meeting, and the implementing agencies, in the context of the annual progress reports, to provide timely information to the Secretariat on the progress of chiller projects in order to enable it to prepare the annual reports.

Evaluation of methyl bromide projects

The Executive Committee took note of the information provided in the final evaluation of methyl bromide projects.

Draft monitoring and evaluation work programme for the year 2013 (decision 68/9)

The 2013 monitoring and evaluation work programme was approved at a budget of US \$191,000 on the understanding that the terms of reference for the desk study on the evaluation of the preparatory phase of the phasing out of HCFCs would be discussed at the 69th meeting. The 2013 work programme included an evaluation of metered-dose inhaler projects, a desk study on the evaluation of the preparatory phase of the phasing out of HCFCs, and improvement of the electronic online report systems on MYAs.

Assessment of the administrative cost regime for the 2015-2017 triennium (decisions 68/10)

The Executive Committee decided to defer further consideration of the terms of reference for the assessment of the administrative cost regime for the 2015-2017 triennium until its 70th meeting, or until after the preparation of the guidelines for stage II of HPMPs had been approved by the Committee.

Project proposals

Maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector (decision 68/11)

The Executive Committee resumed consideration of the issue of maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector, which had been discussed previously at the 66th and 67th meetings (decision 67/16). After hearing the report from the contact group, the Executive Committee requested the Secretariat, in consultation with the bilateral and implementing agencies, to prepare a discussion paper for the 70th meeting outlining key issues and considerations involved in further promoting strategies, approaches and technologies to minimize any adverse climate impacts of HCFC phase-out in the refrigeration servicing sector in the context of decision XIX/6 of the Nineteenth meeting of the Parties.

Project approvals (decisions 68/12 to 68/41)

The Committee approved funding of US \$63.98 million plus US \$10.47 million in support costs for bilateral/implementing agencies for projects and activities in 48 countries.

HCFC phase-out management plans

Stage I HPMPs were approved for 11 countries including four low-volume-consuming (LVC) countries (Ethiopia, Haiti, Myanmar and Uganda) and seven non-LVC country (Bahrain, Peru, Philippines, Saudi Arabia, Thailand, Turkey and Yemen). The Executive Committee approved Agreements for stage I of the HPMPs for the aforementioned countries together with total funding, in principle, at the amount of US \$62,262,417 including support cost for the implementation of stage I; a total of US \$11,397,387 including support costs was approved for the first tranches of the 11 HPMPs. With the approval of these 11 HPMPs, a total of 137 Article 5 countries now have approved stage I HPMPs.

The Committee also approved funding of US \$41,543,146 (including support costs) for the second tranches of stage I HPMPs for 10 countries (Brazil, China (except extruded polystyrene foam sector), Cuba, Egypt, Guatemala, Islamic Republic of Iran, Mexico, Morocco, Saint Lucia, and Uruguay). The Committee approved updated agreements for Guatemala based on the changes requested by the Government to the funding levels associated with the second and third tranches, and Islamic Republic of Iran and Saint Lucia based on the countries' established HCFC baselines for compliance.

Other technical assistance, investment projects and work programme activities

In addition to the HCFC phase-out activities above mentioned, the Committee approved funding for MB phase-out tranche requests in Guatemala (US \$1,013,776 including support costs) and Yemen (US \$225,325 including support costs), and funding for institutional strengthening support for 34 countries at a total amount of \$4,565,118 including support costs.

The Executive Committee also approved a technical assistance project to develop a strategy for the disposal and destruction of ODS for five LVC countries in the Central African region (Burundi, Cameroon, Central African Republic, Congo, and Guinea) at the level of funding of US \$90,400 including support costs with a number of conditions, one of which was that no other funding would be made available for new activities related to ODS disposal and destruction in the absence of a new relevant decision of the meeting of the Parties to the Montreal Protocol (decision 68/13).

The Executive Committee considered and approved the 2013 work programme of the NPP for the Philippines and the activities contained therein, and the disbursement of no more than US \$330,000. UNEP was requested to submit a report on implementation of the activities to the 71st meeting and to return any remaining balances of the NPP as of 31 December 2013 to the Fund. The Committee also approved the transfer of US \$1,201,585 including support costs for UNEP, from the NPP to stage I of HPMP (decision 68/20).

HPMPs to be considered at future meetings

The Executive Committee considered the second tranche of stage I of the HPMP for China and subsequently approved the second tranches of four manufacturing sector plans (industrial and commercial refrigeration and air conditioning; polyurethane foam; room air-conditioner manufacturing; and refrigeration servicing). With respect to the second tranche for the extruded polystyrene foam sector plan, the Committee decided to consider the request for funding at its 69th meeting. The Committee also requested the Secretariat and the implementing agencies to address a number of issues related to the modalities of implementation and report to the 69th meeting (decision 68/22).

The Executive Committee also deferred consideration of the request for stage I of the HPMP for the Democratic People's Republic of Korea to the 69th meeting, and requested UNIDO to submit a report to the 69th meeting that included information demonstrating that imports of equipment into the country under

the CTC phase-out plan were in accordance with the United Nations Security Council resolutions adopted from 2006 onwards (decision 68/34).

With regard to the HPMP for the Syrian Arab Republic, the Executive Committee took note and encouraged the resubmission of the HPMP at a future meeting when national conditions had improved, on the understanding that the resubmitted HPMP would acknowledge and maintain the agreements reached between the Secretariat and the implementing agencies on eligibility within the HPMP (decision 68/38).

Projects submitted but withdrawn

The Government of India had submitted the 2011 verification report and the work plan covering the funds remaining in the CTC phase-out plan in India. Various issues had come up during the plenary discussion. The representative of the World Bank subsequently informed members that, to allow further consultation with the stakeholders in India, the work plan would be withdrawn and would be resubmitted to the 69th meeting.

UNEP Compliance Assistance Programme (CAP) budget for 2013 (decision 68/18)

The Executive Committee approved the 2013 CAP budget at a level of US \$9,158,000 plus support costs of US \$732,640. UNEP was requested, in future submissions of the CAP budget, to continue providing detailed information on the activities for which the global funds would be used, extending the prioritization of funding between CAP budget lines so as to accommodate changing priorities, providing details on the reallocations made in its budget, and reporting on the current staff post levels and informing the Committee of any changes thereto, particularly in respect of any increased budget allocations.

2013 core unit costs for UNDP, UNIDO, and the World Bank (decision 68/19)

The Executive Committee approved core unit funding for 2013 of US \$1,998,453 for UNDP, US \$1,998,453 for UNIDO, and US \$1,725,000 for the World Bank.

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 (decision 68/42)

The Executive Committee noted the information on the amounts of HCFC-141b-based pre-blended polyols exported by Article 5 countries, and decided to deduct the following amounts of HCFC-141b exported in pre-blended polyols from the starting point for aggregate reduction in HCFC consumption: 2.42 ODP tonnes for Chile; 137.83 ODP tonnes for China; 12.30 ODP tonnes for Colombia and 28.60 ODP tonnes for Mexico, when stage II of the countries' HPMPs were submitted. The Committee also encouraged relevant Article 5 countries to consider establishing a national system for recording the amounts of HCFC-141b contained in pre-blended polyols imported and/or exported (where applicable) to support the ban on imports of pure HCFC-141b, as well as that contained in pre-blended polyols, to be issued once all the foam enterprises had been converted, and to facilitate monitoring of these enterprises to sustain the phase-out of HCFC-141b.

Procedures currently in force for the submission of project proposals from bilateral and implementing agencies on behalf of governments of Article 5 countries

The Executive Committee took note of the document outlining the procedures currently in force for the submission of project proposals from bilateral and implementing agencies on behalf of governments of Article 5 countries.

Accounts of the Multilateral Fund

Final 2011 accounts (decision 68/43)

The Executive Committee noted the Multilateral Fund's audited financial statement as at 31 December 2011, and that the final audit report on the 2011 financial statement for the year ended 31 December 2011 had been completed. The Committee also requested the Treasurer to record in the 2012 accounts the differences between the agencies' provisional and final 2011 accounts.

With respect to the United Nations Board of Auditors' findings and recommendations on the Fund's 2011 accounts, the Executive Committee requested the Treasurer: to note that the auditors had undertaken a review of the appropriateness of the current reporting arrangements for expenditures by the Trust Fund of the Multilateral Fund, and determined that the inclusion, and the presentation as a separate statement, were proper under United Nations System Accounting Standards; to reflect the footnote regarding the outstanding contributions of the Russian Federation in the 2012 accounts, as directed by decision 67/1(c); and to ensure that the recommendation by the auditors to record audited statements from implementing agencies concerned would not prevent the annual reconciliation of the accounts taking place within the same time frame. The Treasurer was also requested to request UNEP to consult the Committee prior to any decision regarding possible integration of the Fund's accounts with UNEP's accounts under the International Public Sector Accounting Standards; and to inform the Committee of any options it considers to mitigate exchange rate risks prior to their implementation. The Committee also requested UNEP, as implementing agency, to advise if it determines that any changes to its current practices and procedures related to cash advances may be needed.

Reconciliation of the accounts (decision 68/44)

The Executive Committee noted the reconciliation of the 2011 accounts and a number of reconciling items, and requested the implementing agencies to carry out 2011 adjustments in 2012, and the Treasurer to take actions as indicated.

Revised 2012, 2013 and 2014 and proposed 2015 budgets of the Fund Secretariat (decision 68/45)

The Executive Committee approved the revised 2012 and 2013 budgets of the Secretariat, and the proposed 2015 personnel component costs of the budget. The Committee noted the salary component in 2014 already approved at the 65th meeting, and the change in title of Post 1104 for the Senior Project Management Officer to Deputy Chief Officer on Financial and Economic Affairs, on the understanding that the post was, and would remain, at P5 level until otherwise decided by the Committee. The Committee also noted the Secretariat's feedback on the appropriate rate of increase for staff costs and decided to maintain the 3 per cent rate applied to the 2013, 2014 and 2015 budgets.

Recruitment process for the position of Chief Officer of the Multilateral Fund Secretariat (decision 68/46)

Following the report of the contact group, which was also attended by a representative of the Executive Director of UNEP, the Executive Committee approved the vacancy announcement for the post of third Chief Officer, and the establishment of a selection panel consisting of three representatives of Article 5 countries, three representatives of non-Article 5 countries and two representatives of UNEP, who would review all applications, interview leading candidates and make a recommendation, if possible, to the 69th meeting, it being understood that: the Fund Secretariat would work expeditiously with Executive Committee members intersessionally to identify representatives, including the Chair of the Committee, to serve on the selection panel; the Committee would take a decision intersessionally on the composition of

the panel; the panel would be co-chaired by a representative of UNEP and the Chair of the Committee in 2013 in her capacity as first reporting officer; UNEP would assist the panel throughout the process of selecting the candidates and would provide a briefing on the use of the established interviewing method within the United Nations; one of the two UNEP representatives on the panel would be the Executive Secretary of the Ozone Secretariat; the panel should provide its recommendations to the Committee, if possible, at the 69th meeting; and after considering the recommendations of the panel, the Committee should forward its decision on the recommendations to the hiring manager.

The Executive Committee also requested: UNEP to expedite the launching of the vacancy announcement in INSPIRA and to facilitate the selection process; the Executive Director of UNEP to work with the Chair of the Committee to keep the Committee informed of progress made throughout the hiring process; and the Secretary-General of the United Nations and the Executive Director of UNEP to expedite the timely appointment of the Chief Officer in order to ensure continuity of the work of the Multilateral Fund.

Report of the Production Sector Sub-group (decision 68/47)

Following the report of the Production Sector Sub-group¹, which met in the margins of the 68th meeting, the Executive Committee noted the report on the China HPPMP (stage I) and requested the World Bank to provide costs and rationale for the administrative cost functions identified in the draft Agreement and for the project duration to the 69th meeting. With respect to the CFC production sector in China, the Committee requested the World Bank to present to the 69th meeting a request for funding and justification of the cost components for the 2012 verification/audit foreseen in decision 66/54.

Other matters

Dates and venues of the 69th and 70th meetings of the Executive Committee (decision 68/48)

The Executive Committee agreed to consider the dates and venue for its 70th meeting at the 69th meeting and decided to hold its 69th meeting in Montreal from 15 to 19 April 2013.

Report of the 68th meeting

A complete record of all decisions made at the 68th meeting, including those covered in this document, can be found in the “Report of the Sixty-eighth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/68/53 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.

¹ The 66th meeting reconvened the Production Sector Sub-group, composed of the representatives of Argentina, Canada (convenor), China, Cuba, Finland, India, Japan, Jordan, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

Annex I - Attendance at the 68th Meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Belgium	Netherlands
Canada	Australia
Finland	Sweden
Japan	
United Kingdom of Great Britain and Northern Ireland (Vice Chair)	France , Germany and Italy
United States of America	
Article 5	
Argentina	Brazil and Colombia
China (Chair)	Indonesia, Malaysia and Thailand
Cuba	Grenada and Mexico
India	Bahrain and Yemen
Jordan	Lebanon, Kuwait and Saudi Arabia
Kenya	
Mali	Comoros and Democratic Republic of the Congo