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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-nine Meeting
Montreal, 15-19 April 2013

OPERATION OF THE EXECUTIVE COMMITTEE (DECISION 61/48)

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. Discussions have been taking place on the organization of the Executive Committee's work since the compliance-oriented strategic planning approach was adopted by the Executive Committee in 2002. The most recent decision by the Executive Committee on the number of meetings it should hold per year was to maintain the *status quo* of three meetings a year until at least 2013 in order to deal with HCFC phase-out management plans (HPMPs), and to re-examine the issue at the first meeting in 2013 in view of the workload related to HPMPs and any other issues at that stage (decision 61/48).

2. The Secretariat has prepared the present document as a follow-up to decision 61/48. This document presents the potential reasons for a change in the operation of the Executive Committee, an analysis of a two-meeting scenario based on the current status of policies and guidelines adopted by the Executive Committee for the phase-out of HCFCs and the approval of HPMPs, and the future workload of the Executive Committee. It proposes a re-arrangement of the meetings of the Executive Committee, and describes an intersessional process for the approval of project proposals. The document also makes suggestions on dates of the meetings and includes a review of the costs of the meetings of the Executive Committee, followed by a set of observations, and a recommendation for the Executive Committee's consideration. It also contains the following annexes:

Annex I	A summary of findings and conclusions from the previous documents on the operation of the Executive Committee;
Annex II	A closer look at an overview of the workload of the Executive Committee;
Annex III	A graphic representation of the intersessional approval process described in the present document; and
Annex IV	Illustrative agendas developed for the two-meeting per year scenario.

Reasons for a change in the operation of the Executive Committee

3. In discharging its tasks and responsibilities conferred by the Parties to the Montreal Protocol, since its establishment in 1990 the Executive Committee has been meeting three times annually, except in 1990 and 1996, where the Committee held only two meetings and in 1994, where it held four meetings.

4. Since 2004, the Executive Committee has addressed the operation of the Executive Committee and specifically looked at the issue of reducing the number of meetings annually in relation to its workload. The conclusion of these had been to maintain the *status quo* of holding three five-day meetings a year, due to the workload of the Executive Committee in the context of enabling Article 5 countries to comply with the Montreal Protocol's phase-out schedule¹. A summary of findings and conclusions from the previous documents on the operation of the Executive Committee is presented in Annex I.

Workload of the Executive Committee

5. An overview of the workload of the Executive Committee, particularly from its 53rd meeting, the first meeting after the Parties agreed on the accelerated HCFC phase-out schedule, is presented in Annex II. An assessment of the work undertaken by the Executive Committee to date shows that the policies and guidelines adopted would enable Article 5 countries to comply with the accelerated HCFC

¹ In accordance with decision 57/39(b), the 60th meeting (July 2010) had a four-day duration. As a conclusion it was noted that there were fewer time slots available to schedule meetings of contact groups and of the Sub-group on the Production Sector due to the complexity of the policy issues, the lack of a free session on the morning of the final day of the meeting resulted in less time for the preparation of the draft final report, and financial saving was not significant (i.e., US \$20,000 less than a five-day meeting).

phase-out schedule of the Montreal Protocol. The additional work to be undertaken during 2013 will further strengthen the policies already in place. Furthermore, 137 Article 5 countries have an approved HPMP, that would enable them to comply with at least the 2013 and 2015 control targets (although a large majority are already addressing reduction of HCFC consumption beyond 10 per cent of their baselines), and it is likely that all or most of the eight outstanding HPMPs will be approved in 2013. It is also hoped that the production sector guidelines might be adopted and the HCFC production sector plan for China might be approved during 2013.

6. Therefore, the main work of the Executive Committee from 2014 on will be related to addressing regular agenda items² and approving HPMP tranches, institutional strengthening project renewals, and requests for the preparation of stage II HPMPs. Additional work might be associated with potential submissions of stage II HPMPs during 2014 and 2015 from 23 Article 5 countries³ (out of the 137 with an approved HPMP) that committed to reduce HCFC consumption only by 10 per cent of their baselines by 2015. Stage II HPMPs might be submitted during 2015-2020 by another 19 non-low volume consuming (LVC) [Article 5] countries with commitments beyond the 10 per cent reduction of their baseline. Any possible amendment to the Montreal Protocol to extend the range of substances controlled by it would increase the workload of the Executive Committee.

Analysis of a two-meeting scenario

7. The option of holding two meetings a year has been thoroughly assessed in the document submitted to the 44th meeting⁴. From a business cycle point of view, the analysis concluded that most of the activities currently on the agenda of the second meeting of the year could be rescheduled without too much disruption of the work of the Executive Committee.

Rearrangement of the meetings

8. Similar to the conclusions reached at the 44th meeting, the current tasks and activities of the Executive Committee for managing the Multilateral Fund as prescribed in its terms of reference could be organized according to a two-meeting format (referred to herein as First and Last meetings). The annual business cycle of the Fund would need to be rearranged as follows:

- (a) The approval of the business plan of the Multilateral Fund covering a three-year period⁵ (commencing with the year when the business plan is submitted) could take place at the Last meeting of the year, instead of the First meeting, which is currently the case. This rescheduling will enable bilateral and implementing agencies to start implementing their business plans from 1 January of the following year;
- (b) Progress reports present a challenge caused by the unavailability of financial data by the first quarter of the year. This means that the progress reports of bilateral and implementing agencies (as at 31 December of the previous year) could only be available

² Regular agenda items include, *inter alia*, Secretariat activities, status of contributions and disbursements; status of resources and planning including the report on balances, tranche submission delays, evaluation of business plans, status reports and compliance; progress reports; monitoring and evaluation; provisional accounts and reconciliation of accounts of the Multilateral Fund; and the budget of the Fund Secretariat.

³ Six LVC and 17 non-LVC countries.

⁴ UNEP/OzL.Pro/ExCom/44/69.

⁵ Up until the 42nd meeting (March-April 2004) the business plan of the Multilateral Fund was based on a one-year calendar. However, at its 42nd meeting, the Executive Committee considered for the first time business plan of the Multilateral Fund for a three-year period (i.e., a new approach based on the approval of certain amounts of ODS for specific countries during the three-year period to enable compliance with the Montreal Protocol control measures) (document UNEP/OzL.Pro/ExCom/42/6 and Corr.1). Since then, the business planning of the Multilateral Fund covers a three-year period.

at the beginning of June of that year at the earliest. If the First meeting of the year were to take place earlier than June, the progress reports would have to be divided into two components: the operational part would be submitted to the First meeting, while the financial part would be submitted to the Last meeting, to be reviewed together with other finance-related items such as the accounts of the Multilateral Fund;

- (c) The document on the provisional accounts of the Multilateral Fund currently submitted to the second meeting will not be prepared and only the final accounts of the Funds will be submitted to the Last meeting;
- (d) The document on status reports and compliance⁶ would continue to be submitted at every meeting of the Executive Committee, just as it is also submitted to the two meetings of the Implementation Committee under the Non-Compliance Procedure for the Montreal Protocol⁷ as an information document. In addition, after the First Meeting of the Executive Committee, the Secretariat would have to update relevant sections of the document on status reports and compliance, before sending it to the first meeting of the Implementation Committee, to include decisions adopted at the First meeting of the Executive Committee as well as information extracted from the reports on the implementation of country programmes⁸, which are submitted to the Secretariat by 1 May of each year. In cases where the meeting of the Parties is held before the Last meeting of the Executive Committee, the document on status reports and compliance might need to be further updated by the Secretariat before it is submitted to the second meeting of the Implementation Committee;
- (e) With regard to monitoring and evaluation, the consolidated project completion reports (PCR) of multi-year agreements (MYA), MYA database report, desk studies and other analytical documents would be considered at the First meeting, while the consolidated PCR report and final evaluation reports that request field visits, would be considered for the Last meeting; and
- (f) In case that the Last meeting takes place after the Meeting of the Parties, the draft report of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to the meeting of the Parties would have to be updated by the Fund Secretariat, incorporating the project proposals approved through the intersessional approval process described below.

Intersessional approval of project proposals

9. The availability of funds, in addition to the workload of the Executive Committee, has an impact on the redistribution of tranche requests of approved HPMPs on a two-meeting scenario. As per the terms of reference of the Multilateral Fund, “no commitments shall be made in advance of the receipt of contributions”⁹. Contributions to the Fund for any given year are received by the Treasurer during that year and subsequent years, although the Executive Committee has urged parties to make their

⁶ The document, *inter alia*, presents the status of compliance of Article 5 countries used as a guide for business planning; contains information on Article 5 countries that are subject to decisions of the Parties and recommendations of the Implementation Committee on compliance; presents data on implementation of country programmes; presents information on projects with implementation delays and for which special status reports were requested, as well as projects with specific reporting requirements.

⁷ These meetings are held back-to-back with the Open-Ended Working Group held in June-July, and the meeting of the Parties, usually held between mid-October and end-November.

⁸ This information includes, *inter alia*, ODS consumption data by sector, prices of ODS and alternative chemicals as well as information on licensing and quota systems and ODS regulations in place.

⁹ Appendix IV of decision II/8.

contributions by 1 June each year (decision 43/1(d)). An analysis of the level of contributions received at the time of each Executive Committee meeting held between 2010 and 2012 shows that 5 to 8 per cent of the total pledged contributions were paid at the time of the first meeting; 30 to 50 per cent were paid at the second meeting; and 40 to 80 per cent were paid at the third meeting¹⁰.

10. In order to address the issue of the availability of funds, tranche requests should continue to be submitted to the Secretariat according to the submission schedule contained in the agreements between relevant Article 5 countries and the Executive Committee (i.e., currently first, second or third meeting). Tranche requests currently scheduled for submission at the first and third meetings, as well as the activities included in work programmes, will be considered at the First and Last meetings, respectively, in the proposed two-meeting scenario. However, new activities in work programmes not required for compliance and not previously considered by the Executive Committee would be deferred until after their consideration in the context of the business plans (in line with decision 60/9(b)); namely, at the First meeting of the following year.

11. For tranche requests and institutional strengthening project renewals currently scheduled for submission at the second meeting, the Executive Committee might wish to consider extending the intersessional approval process in place¹¹, as follows:

- (a) The project proposals subject to an intersessional approval process would be submitted to the Secretariat by cut-off dates to be decided by the Secretariat depending on the date of the Last meeting. It should be noted that requests over US \$5 million would need to be submitted by a cut-off date twelve weeks in advance of the document dispatch date (the date at which the Secretariat must make available the project proposal documents to the members of the Executive Committee for intersessional approval). All other requests would be submitted eight weeks in advance of the dispatch date;
- (b) The Secretariat will review the project proposals and prepare relevant documents in line with established practices. Project proposals with outstanding issues will be submitted to the Last meeting of the Executive Committee for individual consideration. The Secretariat will prepare project proposal documents for intersessional consideration only for the projects where all policy, technical and cost-related issues have been satisfactorily addressed (i.e., “for blanket approval”) irrespective of the funding level of the tranche (currently, a “blanket approval” recommendation is only for tranche request of HPMPs with a total value below US \$1 million as per decision 66/19);
- (c) The Secretariat will post the project proposal documents for intersessional consideration by the Executive Committee on the Fund’s website in the United Nations languages required and advise Executive Committee members accordingly. From the time of dispatch, each Executive Committee member would have a three-week period to consider the proposals and submit, at the end of that period, her/his decision to the Secretariat in writing clearly indicating those projects approved for funding without objection and those where issues were identified;

¹⁰ As of the 68th meeting (December 2012) the total payment from contributing parties to the Multilateral Fund for the period 1991 to 2012 represented 93.55 per cent of the total pledged contributions. However, for the year 2012 the total payment represented 59.24 per cent of the pledged contributions.

¹¹ The procedure for intersessional approval of projects exists under the Guidelines of the Multilateral Fund and was adopted by the Executive Committee at its 5th meeting (November 1991) under the subject of bilateral and regional cooperation (Annex IV of document UNEP/OzL.Pro/ExCom/5/16). The intersessional approval procedure was extended in 1993 to include projects submitted by the implementing agencies, but subsequently suspended in 1995 for implementing agencies.

- (d) Once all responses from the Executive Committee have been received, the Secretariat will prepare a report of the intersessional approval process and send it to Executive Committee members. The report will be prepared over a one-week period and will consist of: a list of project proposals that were approved for funding without objection, to be included in the final report of the Last meeting of the Executive Committee (similar to the “list of projects and activities approved for funding” currently attached to the final reports of the meeting of the Executive Committee), and a list of project proposals for which an issue has been raised by any member of the Executive Committee (these proposals will be submitted to the Last meeting of the Executive Committee for individual consideration); and
- (e) The Secretariat will send instructions to the Treasurer on allocations to implementing agencies and bilateral contributions based on the level of funds approved intersessionally by the Executive Committee.

12. A graphic representation of the intersessional project approval process is presented in Annex III to the present document.

13. The Executive Committee might wish to authorize the Secretariat to send to the Implementation Committee the document on status reports and compliance after updating relevant sections based on decisions adopted at the First meeting and additional country programmes implementation data received¹², and to the Ozone Secretariat the updated draft report of the Executive Committee to the meeting of the Parties after incorporating project proposals approved intersessionally, in case the Last meeting takes place after the Meeting of the Parties.

Potential dates of the meetings

14. Based on the above considerations, illustrative agendas have been developed for the two-meeting per year scenario and are attached as Annex IV to the present document. If the Executive Committee were to decide to adopt a two-meeting per year scenario, the schedule for meetings for 2014 could be as follows:

First meeting:	31 March-4 April	or	7-11 April ¹³
Last meeting:	24-28 November	or	1-5 December

15. However, the Last meeting of the year in 2014 would have to take place prior to the Meeting of the Parties, as it would be the last meeting of the 2012-2014 triennium and the Parties to the Montreal Protocol requested that the Executive Committee take action to ensure, as far as possible, that the entire budget for 2012–2014 be committed by the end of 2014 (decision XXIII/15).

16. In the event that a relevant policy issue would need to be addressed between the First and Last meetings, the Executive Committee could request the Secretariat to organize a one- to two-day meeting back-to-back with the meeting of the Open-Ended Working Group. Similarly, the Production Sector Sub-group could meet intersessionally to discuss any urgent issues related to the production sector that would need to be addressed between the First and Last meetings.

Cost analysis

17. The main costs associated with a meeting of the Executive Committee are related to the rental of premises and equipment, the salaries of report writers and interpreters (plus travel costs for those not

¹² The due date for submission of progress reports on the implementation of the country programmes by Article 5 countries to the Fund Secretariat is 1 May.

¹³ Easter week is from 18 to 21 April 2014.

locally recruited) and other miscellaneous costs. In addition, travel costs and daily subsistence allowance for 21 participants from Article 5 countries are covered by the Multilateral Fund.

18. Therefore, the annual savings to the Multilateral Fund represented by having two meetings would be in the order of US \$240,000 associated with fixed meeting costs and costs for the twenty-one sponsored participants from Article 5 countries. An additional US \$315,000 savings associated with the travel (air fare and daily subsistence allowance) of non-sponsored participants will be realized (although not reflected in the budget of the Fund), as shown in Table 1, assuming that the meeting is held in Montreal (the cost of a meeting held outside Montreal, will depend mostly on the venue of the meeting and whether there is a host Government agreement with the Fund Secretariat covering the cost differential of having the meeting outside of Montreal).

Table 1. Summary costs of a meeting of the Executive Committee held in Montreal

Description	Cost (US \$)
Rental of premises	40,000
Rental of equipment	10,000
Report writers	30,000
Interpreters	60,000
Miscellaneous	5,000
Subtotal costs	145,000
Article 5 sponsored members (21 members)*	95,000
Total (direct) cost to the Multilateral Fund	240,000
Travel for non-sponsored participants (70 participants)*	315,000
Total cost	555,000

(*) Based on an average air fare of US \$2,000 and DSA for seven days (at \$350/day).

19. Furthermore, additional savings will be realized from the following documents currently submitted to the second meeting of the Executive Committee that would no longer be required and consequently would no longer be translated: Agenda, Annotated Agenda, Status of Contributions, Balances Report, Annual Business Plan and Tranche Delays, Status and Compliance Report, documents on Monitoring and Evaluation, Provisional Accounts of the Fund, the Final Report of the Executive Committee for the second meeting. Although actual savings will depend on the number of project proposals submitted for intersessional approval, it could be expected that savings of US \$15,000 to US \$20,000 per UN Language could be realized, considering that the costs for translation of all pre-session meeting documents and the final report of a full meeting are about US \$40,000 per UN language.

Streamlining and the workloads of the Secretariat and implementing agencies

20. At its 24th meeting the Parties considered the report on the 2012 evaluation of the financial mechanism of the Montreal Protocol¹⁴, which recommended *inter alia* “to review and streamline reporting requirements given the new complexity of HPMPs and other MYAs¹⁵”. After their deliberations, the Parties requested the Executive Committee within its mandate, to consider the report on the evaluation of the financial mechanism, as appropriate, in the process of continuously improving the management of the Multilateral Fund (decision XXIV/11).

21. As previously mentioned, under the two-meeting scenario several documents with associated information from implementing agencies and/or the Treasurer (where applicable), will not be prepared. This will result in a reduction in the reporting requirements by implementing agencies and the Treasurer,

¹⁴ UNEP/Oz.L.Pro.24/INF/4, annex.

¹⁵ Recommendations of the report under section entitled “Organizational Effectiveness and Decision-Making Processes”.

and the associated monitoring by the Secretariat, further streamlining the reporting requirements as recommended in the report on the evaluation of the financial mechanism.

Observations

22. Given that the discussions on HCFC production sector should be finalized soon, policies and guidelines have been agreed for stage I and being developed for stage II to enable Article 5 countries to comply with the accelerated phase-out of HCFCs, and HCFC phase-out plans have been funded and are under current implementation in 137 Article 5 the countries, the Executive Committee might consider reducing the number of meetings to two meetings a year from 2014.

23. Under a two-meeting scenario, logistical arrangements by Executive Committee members and other stakeholders will be reduced. The workload of Executive Committee members, the Secretariat, the Treasurer and the implementing agencies would be more evenly distributed throughout the year. Further streamlined reporting and relief on the burden of the Secretariat staff, the Treasurer and the implementing agencies will result from the documents that would not be prepared.

24. Furthermore, additional time would be available to bilateral and implementing agencies for implementing projects in the field as the number of documents to be prepared on an annual basis would be reduced. The Secretariat would also have the opportunity to have more frequent discussions with bilateral and implementing agencies on the status of implementation of HPMPs, particularly those with implementation delays, and participate more actively in network meetings as an important vehicle to address and resolve issues with project proposals in the presence of Article 5 countries and the implementing agencies.

25. In addition, savings to the Multilateral Fund would be realized, considering that annual meeting costs would be reduced by US \$240,000 associated with fixed meeting costs and costs for sponsored participants from Article 5 countries, plus an additional US \$15,000 to US \$20,000 per UN language due to a reduction in documents to be translated. An additional US \$315,000 savings associated with travel costs of non-sponsored participants will be realized. Moreover, the reduced travel could also result in lower carbon emissions from reduced meetings.

26. Under the two-meeting scenario, however, the potential of overloading any of the meetings could occur with the risk of deferring consideration of new policy issues or approval of project proposals to a subsequent meeting. This potential risk could be mitigated by convening a short meeting of the Executive Committee back-to-back to that of the Open Ended Working Group to address any urgent policy issue.

Recommendations

27. The Executive Committee may wish to consider either maintaining the *status quo* of holding three meetings a year, or holding two meetings a year in 2014 on a trial basis.

Annex I

FINDINGS AND CONCLUSIONS FROM PREVIOUS DOCUMENTS ON THE OPERATION OF THE EXECUTIVE COMMITTEE

1. Since 2004, the Executive Committee has addressed the operation of the Executive Committee and specifically looked at the issue of reducing the number of meetings¹⁶ per year in relation to its workload at the 44th¹⁷, 45th¹⁸, 46th¹⁹, 50th²⁰, 53rd²¹, 54th²², and 57th²³ and 61st²⁴ meetings. The most relevant observations and conclusions discussed in the documents submitted to these meetings are presented below.

2. The document submitted to the 44th meeting presented the option of holding two meetings a year with the first meeting in mid-May and the second in early November, and included illustrative agendas for each of the two meetings²⁵. From a business cycle point of view, the analysis concluded that most of the activities currently on the agenda of the second meeting of the year could be rescheduled without too much disruption of the work of the Executive Committee. The analysis also concluded that the timing of the two meetings could be mid-May, and early November, after taking into account a number of operational needs, i.e.:

- (a) There should be a regular interval between any two meetings, to provide for better predictability for implementing agencies in planning their annual activities, and to have an even distribution of submissions;
- (b) The timing of the first meeting should allow at least two months between the end of February, when the implementing agencies receive the data on the implementation of the operational part of their business plans in the previous year, and the date of the meeting. This would enable the Secretariat to review and comment on this part of the progress reports; and
- (c) The second meeting should be timed as close as possible to the end of the year but before the usual time of the meeting of the Parties. This would allow the implementing agencies time to complete their business plans and the Executive Committee to include the

¹⁶ Upon a request by the Committee, at their 19th meeting the Parties decided that “the Executive Committee shall have the flexibility to hold two or three meetings annually, if it so decides, and shall report at each Meeting of the Parties on any decision taken there. The Executive Committee should consider meeting, when appropriate, in conjunction with other Montreal Protocol meetings” (decision XIX/11).

¹⁷ UNEP/OzL.Pro/ExCom/44/69.

¹⁸ UNEP/OzL.Pro/ExCom/45/48.

¹⁹ Pursuant to decision 45/56, document UNEP/OzL.Pro/ExCom/46/45 was submitted to the 46th meeting. However, the Committee decided to re-examine the issue at its 50th meeting (decision 46/40).

²⁰ Pursuant to decision 46/40, document UNEP/OzL.Pro/ExCom/50/56 was submitted to the 50th meeting. However, the Committee decided to revisit the issue of the number of meetings at its 53rd meeting in the light of its request to the Parties to change the terms of reference of the Executive Committee to grant it the flexibility to modify the number of times it meets if necessary (decision 50/41).

²¹ Pursuant to decision 50/41, document UNEP/OzL.Pro/ExCom/53/63 presenting options to either to maintain the status quo of three meetings per year or to have two regular meetings with the provision of another special meeting on HCFCs was submitted to the 53rd meeting. However, the Committee decided to defer consideration of the issue until its 54th meeting (decision 53/40).

²² Pursuant to decision 53/40 the Executive Committee considered document UNEP/OzL.Pro/ExCom/54/57 at its 54th meeting and decided to maintain the status quo of holding three meetings per year, but to place the issue on the agenda for consideration at its 57th meeting (decision 54/43).

²³ UNEP/OzL.Pro/ExCom/57/66.

²⁴ UNEP/OzL.Pro/ExCom/61/55.

²⁵ The illustrative agendas can be found in Annex III of document UNEP/OzL.Pro/ExCom/44/69.

outcome of the second meeting in the report to the meeting of the Parties.

3. The document also reviewed various possibilities for extending the intersessional approval procedure in place, considering the longer intervals between meetings if the Executive Committee meets only twice a year, and the need to respond in a timely manner to compliance-related funding requests. A summary of the findings with regard to the possibilities for extending the intersessional approval procedure in place is presented in Table 1.

Table 1. Summary of the possibilities for extending the intersessional approval procedure in place

Possibility	Advantages	Disadvantages
1. Stay with existing intersessional approval procedure on a no-objection basis and extend it to non-bilateral activities. No new procedure	- Zero risk on compromising Executive Committee responsibility - Applicable to all funding requests irrespective of availability of guidelines	- Additional work for Executive Committee members between sessions - Long processing time resulting from sending the documents to Executive Committee members and waiting for the end of the prescribed response period
2. Apply a new procedure of full delegated authority only to activities with well-established policies and guidelines	- Limited workload relief at the meetings	- Low risk of compromising Executive Committee responsibility - No solution for compliance-related urgent requests
3. Set a funding ceiling for applying the new procedure	- A high ceiling could include refrigerant management plans and multi-year agreements and address compliance-related urgent requests - A low ceiling would cover institutional strengthening and project preparation and result in limited workload relief at the meetings	- High risk of compromising Executive Committee responsibility if high ceiling set - Low ceiling may not cover all urgent compliance-related requests
4. Apply the existing no-objection procedure to areas without established policies and guidelines where compliance is an issue; and Apply the new procedure to areas with well-established guidelines	- Provide solution to compliance-related urgent requests without risk of compromising Executive Committee responsibility - Limited workload relief at the meetings	- Additional work for Executive Committee members between sessions - Low risk of compromising Executive Committee responsibility

4. Following a discussion, the Committee decided *inter alia* to continue discussing, throughout 2005, the issues of reducing the number of Executive Committee meetings and establishing a procedure for intersessional approval; and requested the Secretariat to produce a document compiling the views of Executive Committee members and providing an estimate of the financial implications of various scenarios (decision 44/57).

5. In response to decision 44/57, the Committee discussed at its 45th meeting an assessment of the financial implications of proposed alternatives for reorganizing the work of the Executive Committee. An examination of different meeting cycles and lengths of meeting indicated that there was little financial incentive to reduce meetings to a four-day format²⁶, and savings of around US \$200,000 could be achieved on a two-meeting per year scenario. However, the majority of members felt strongly that the savings that could be generated by reducing the number of meetings were not great enough to warrant a change in the way the Committee worked²⁷.

²⁶ The main factors affecting the difference in costs of a four-day versus a five-day meeting in Montreal are: interpretation, translation and report-writing costs; the rental of equipment and premises; and the number of days of daily subsistence allowance for sponsored delegates. Taking into account these factors, the cost of a four-day meeting is in the order of US \$20,000 less than a five-day meeting.

²⁷ Paragraph 178 of document UNEP/OzL.Pro/ExCom/45/55.

6. Pursuant to decision 54/43, the Committee considered at its 57th meeting document UNEP/OzL.Pro/ExCom/57/66, which contained a set of recommendations on the arrangement of Executive Committee meetings, which included: maintaining the *status quo* of holding three meetings a year; holding two regular meetings with fixed schedules, maintaining the possibility of having a special third meeting in the middle of the year if needed; or maintaining the *status quo* of meeting three times a year with a four-day format. Given the foreseen workload, particularly with respect to the number of outstanding policy issues on HCFC phase-out, the Committee decided to maintain the *status quo* of holding three meetings a year. The Committee also requested the Secretariat to organize one meeting with a duration of four days, to monitor the time and workload at meetings of the Committee as compared to meetings of the Parties to the Montreal Protocol (MOP) and the Open-Ended Working Group (OEWG), and to place the issue of the operation of Executive Committee meetings on the agenda for the 61st meeting (decision 57/39).

7. As discussed in document UNEP/OzL.Pro/ExCom/61/55 submitted to the 61st meeting in response to decision 57/39, the main limiting factor from three to two meetings per year was the workload of the Executive Committee and the fact that the workload would remain heavy for the next few years due to considerations arising from decision XIX/6 of the Parties and the subsequent development of guidelines and review of HPMPs. With regard to the issue of holding the meeting over four days²⁸ instead of five, the document pointed to the fact that there were fewer time slots available to schedule meetings of contact groups and of the sub-group on the production sector. Moreover, due to the complexity of the policy issues on the agenda of the 60th meeting²⁹, an additional session was convened on the evening of day three. Despite the additional session there was not sufficient time to address a number of agenda items and these items were deferred to the 61st meeting. Furthermore, the lack of a free session on the morning of the final day of the meeting resulted in less time for the preparation of the draft meeting report, which was issued on the afternoon of the final day.

8. With regard to the issue of the time and workload at meetings of the Executive Committee as compared to those of the MOP and OEWG, it was noted that the terms of reference and working practices of the MOP and OEWG were quite different from those of the Executive Committee³⁰; and a comparison among them was, therefore, not relevant. On this basis, the Committee decided to maintain the *status quo* of holding three meetings a year for at least 2011, 2012 and 2013; and to review the issue of the number of meetings per year at the first meeting of 2013 in view of the workload related to HPMPs and any other issues at that stage (decision 61/48).

²⁸ The 60th meeting lasted four days rather than the customary five. A comparison between the 5-day and 4-day format of Executive Committee meetings is presented in Table 1 of document UNEP/OzL.Pro/ExCom/61/55.

²⁹ Among the policy issues discussed at the 60th meeting were: outstanding HCFC issues: cut-off date, level of incremental operating costs, funding provided to the servicing sector, and incremental capital costs; cost for conversion of component manufacturing vs. incremental operating cost; incentives associated with Multilateral Fund climate impact indicator and a Special Funding Facility; and relevant aspects of component upgrade in HCFC conversion projects.

³⁰ A comparison of meetings of the Executive Committee and the OEWG/MOP is summarized in Table 2 of document UNEP/OzL.Pro/ExCom/61/55.

Annex II

AN OVERVIEW OF THE WORKLOAD OF THE EXECUTIVE COMMITTEE

Background

1. Prior to the 53rd meeting (November 2007), the workload of the Executive Committee was mainly related to the complete phase-out of consumption and production of CFCs, halons and CTC by 1 January 2010. However, with the agreement on the acceleration of the phase-out of production and consumption of HCFCs³¹ (decision XIX/6) reached by the Parties to the Montreal Protocol at their 19th meeting (September 2007), the workload of the Committee increased from its 53rd meeting on, with the start of intense and complex negotiations on policies for the phase-out of HCFCs in the consumption and production sectors.

Work undertaken for HCFC phase-out

2. By the 61st meeting (July 2010), i.e., the last meeting when the issue of the number of meetings per year was discussed, major milestones had been reached, *inter alia*:

- (a) The adoption of guidelines for preparation of HPMPs (decision 53/37);
- (b) Agreement on criteria for funding HCFC phase-out in the consumption sector (decision 60/44);
- (c) The reconvening of the Sub-group on the Production Sector to discuss outstanding issues with respect to the HCFC production sector (from the 59th meeting);
- (d) The adoption of an approach for calculating the starting point for aggregate reduction in HCFC consumption³², in advance of the official establishment of the HCFC baselines for compliance for Article 5 countries;
- (e) The approval of funding for preparation of HCFC phase-out management plans (HPMPs) for the majority of Article 5 countries; and
- (f) The approval of the HPMPs for two countries, Maldives and the Former Yugoslav Republic of Macedonia (three additional HPMPs, Cambodia, Croatia and Ghana, were approved at the 61st meeting).

3. Since then, HCFC baselines for Article 5 countries have been established³³, and policies and

³¹ For Article 5 Parties, the accelerated phase-out of production and consumption of HCFCs was agreed on the basis of the following steps: freeze of the HCFC baseline in 2013; 10 per cent reduction by 2015; 35 per cent by 2020; 67.5 per cent by 2025; and phase-out in 2030 while allowing for servicing an annual average of 2.5 per cent during the 2030–2040 period.

³² In calculating the starting point, Article 5 countries were given a choice between their most recent reported HCFC consumption under Article 7 of the Protocol at the time of the submission of the HPMP and/or the first HCFC investment project, or the average of consumption forecast for 2009 and 2010 (decision 60/44(d)). The Executive Committee also agreed to a one-time adjustment of the starting points in those cases where the official HCFC baselines (i.e., based on reported Article 7 data) were different from the calculated starting point, when the country chose the option of the average consumption forecast for 2009 and 2010 (decision 60/44(e)). This adjustment to the baselines and starting points would be made when Article 5 countries submitted a funding request for the second tranche of their HPMPs.

³³ The aggregated HCFC consumption baseline of Article 5 countries excluding the Republic of Korea, Singapore and United Arab Emirates, amounts to 503,000 mt (33,335 ODP tonnes). The aggregated HCFC production baseline

guidelines to phase-out HCFCs have been further developed, including:

- (a) Policies enabling Article 5 countries to accelerate the phase-out of HCFC consumption beyond the 10 per cent reduction by 2015³⁴;
- (b) Guidelines allowing the submission of activities for the phase-out of HCFCs with ODP values lower than HCFC-141b in order to comply with the 2013 and 2015 control measures; and
- (c) Guidelines for phasing out the amount of HCFC-141b contained in imported pre-blended polyols, which is not reported under Article 7 of the Protocol, and hence not required for compliance³⁵.

4. Concurrently with the development of HCFC policies and guidelines, the Executive Committee approved funding for the implementation of projects for demonstrating alternative technologies in the foam sector and the refrigeration and air conditioning sector³⁶; approved HPMPs for an additional 132 Article 5 countries (bringing the total number to 137) with an aggregated phase-out of 8,130.4 ODP tonnes of HCFCs³⁷ (Table 1); and discussed the HCFC production sector plan for China (at its 67th and 68th meetings³⁸).

Table 1. Total amounts of HCFCs to be phased-out in the 137 HPMPs so far approved (ODP tonnes)

HCFC	Baseline	Starting point	Approved	Remaining	% approved
(1)	(2)	(3)	(4)	(5)	(6)
HCFC-123	33.1	30.3	0.4	29.9	1.5
HCFC-124	26.7	26.1	1.0	25.1	3.9
HCFC-141	1.9	0.9	-	0.9	0.0
HCFC-141b	10,637.7	10,693.8	4,289.4	6,404.3	40.1
HCFC-142b	1,990.4	1,994.1	606.3	1,387.8	30.4
HCFC-21	1.5	0.7	-	0.7	0.0
HCFC-22	20,297.6	19,908.3	2,941.1	16,967.2	14.8
HCFC-225	3.1	1.6	-	1.6	0.0
HCFC-225ca	1.8	1.6	-	1.6	0.0
HCFC-225cb	0.7	0.7	-	0.7	0.0
Sub-total HCFCs	32,994.4	32,658.2	7,838.3	24,819.9	24.0
HCFC-141bPolyol*	-	558.8	292.1	266.7	52.3
Grand total	32,994.4	33,217.0	8,130.4	25,086.6	24.5

(*) HCFC-141bPolyol, refers to HCFC-141b contained in imported pre-blended polyols and not reported under Article 7 of the Montreal Protocol.

(Argentina, China, the Democratic People's Republic of Korea, India, Mexico, and Venezuela (Bolivarian Republic of) and excluding the Republic of Korea) amounts to 494,081 mt (32,594 ODP tonnes).

³⁴ The guidelines for preparation of stage I of HPMPs adopted at the 54th meeting (decision 54/39(b)) were developed to enable Article 5 countries to reduce 10 per cent the HCFC consumption baseline by 2015, in accordance with the Montreal Protocol phase-out schedule.

³⁵ The Executive Committee decided, *inter alia*, to include in the starting point the annual amount of HCFC-141b contained in imported polyol systems during the 2007-2009 period (decision 61/47(c)(ii)).

³⁶ The demonstration projects were for the following technologies: methyl formate, methylal, supercritical CO₂, cyclopentane in pre-blended polyols and HFC-245fa for replacing HCFC-141 used as a foam blowing agent; HFO-1234ze, for replacing HCFC-22/HCFC-142b used in the manufacture of extruded polystyrene foam; propane, HFC-32 and HFC-410A for replacing HCFC-22 in air conditioning systems; and ammonia/CO₂ for replacing HCFC-22 in commercial refrigeration systems.

³⁷ The total funding approved in principle associated with the HPMPs amounts to US \$599,402,219 (including agency support costs); of this amount, US \$331,484,888 has already been approved; US \$222,517,349 could be requested between 2013 and 2015, and the remaining US \$45,399,982 could be requested after 2015.

³⁸ The production sector plan for China has been submitted to the 69th meeting.

- (1) HCFCs consumed by Article 5 countries (reported under Article 7 of the Protocol).
- (2) Aggregated HCFC consumption baseline by type of HCFC.
- (3) Aggregated starting point for aggregate reductions in HCFC consumption. Starting points for several Article 5 countries would be adjusted based on the established baseline in line with decision 60/44(e).
- (4) Amounts of HCFCs approved to be phased out in stage I of HPMPs.
- (5) Remaining amounts of HCFCs eligible for funding (i.e., (4) – (3)).
- (6) Ratio (in percentage) of the amount of HCFC approved to be phased out (4) and the starting point (3).

Additional work on HCFC phase-out to be undertaken in 2013

5. In 2013, the Executive Committee will continue discussing and/or updating guidelines on the HCFC production and consumption sectors. Discussions will cover: guidelines for the HCFC production sector and, *inter alia*, whether activities in swing plants that have already received CFC closure funding³⁹ may be eligible for additional support; guidelines for the preparation of stage II HPMPs; and a revision of the eligible incremental costs of HCFC phase-out projects (that were agreed at the 60th meeting). The Committee will also consider a document on key issues and considerations 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 (decision 68/11).

6. Additionally, during 2013 (and subsequent years), the Executive Committee will continue to address regular agenda items (e.g., status of contributions and disbursements; status of resources and planning including the report on balances, annual tranche delays, business plans, status reports and compliance; progress reports; monitoring and evaluation; accounts of the Multilateral Fund; and the budget of the Fund Secretariat). The Executive Committee will also consider approval of project proposals (e.g., work programme activities of bilateral and implementing agencies; tranches of national plans for the phase-out of methyl bromide (MB) in Chile, China, Mexico and Viet Nam⁴⁰; eight outstanding HPMPs⁴¹; and 73 and 35 tranches of HPMPs in 2013 and 2014, respectively⁴².

Potential additional work arising from the Parties

7. The Executive Committee should also note that at their 24th meeting (November 2012) the Parties to the Montreal Protocol discussed two proposed amendments to the Montreal Protocol (to include the phase-down of hydrofluorocarbons (HFC) submitted to the Ozone Secretariat in accordance with the provisions of the Vienna Convention and the Montreal Protocol by the Federated States of Micronesia⁴³ and by Canada, Mexico and the United States⁴⁴, respectively. Also, the Parties agreed to defer further discussion on the proposed draft decision⁴⁵ submitted by Canada, Mexico and the United States of America on the phase-out of HFC-23 by-product emissions resulting from the production of HCFC 22 to meeting of the Open-ended Working Group in 2013. These issues might be discussed by the Parties during 2013.

³⁹ Argentina, Democratic People's Republic of Korea, India, Mexico and Venezuela (Bolivarian Republic of).

⁴⁰ Tranches of MB phase out plans for Chile and Mexico has been submitted to the 69th meeting. The two remaining tranches for phasing out MB (i.e., China for both production and consumption sectors, and Viet Nam) could be requested in 2014.

⁴¹ Namely Barbados (submitted to the 69th meeting), Botswana, Democratic People's Republic of Korea (resubmitted to the 69th meeting), Libya, Mauritania, South Sudan, Syrian Arab Republic (to be resubmitted when national conditions had improved); and Tunisia.

⁴² According to the agreements between relevant Article 5 countries and the Executive Committee.

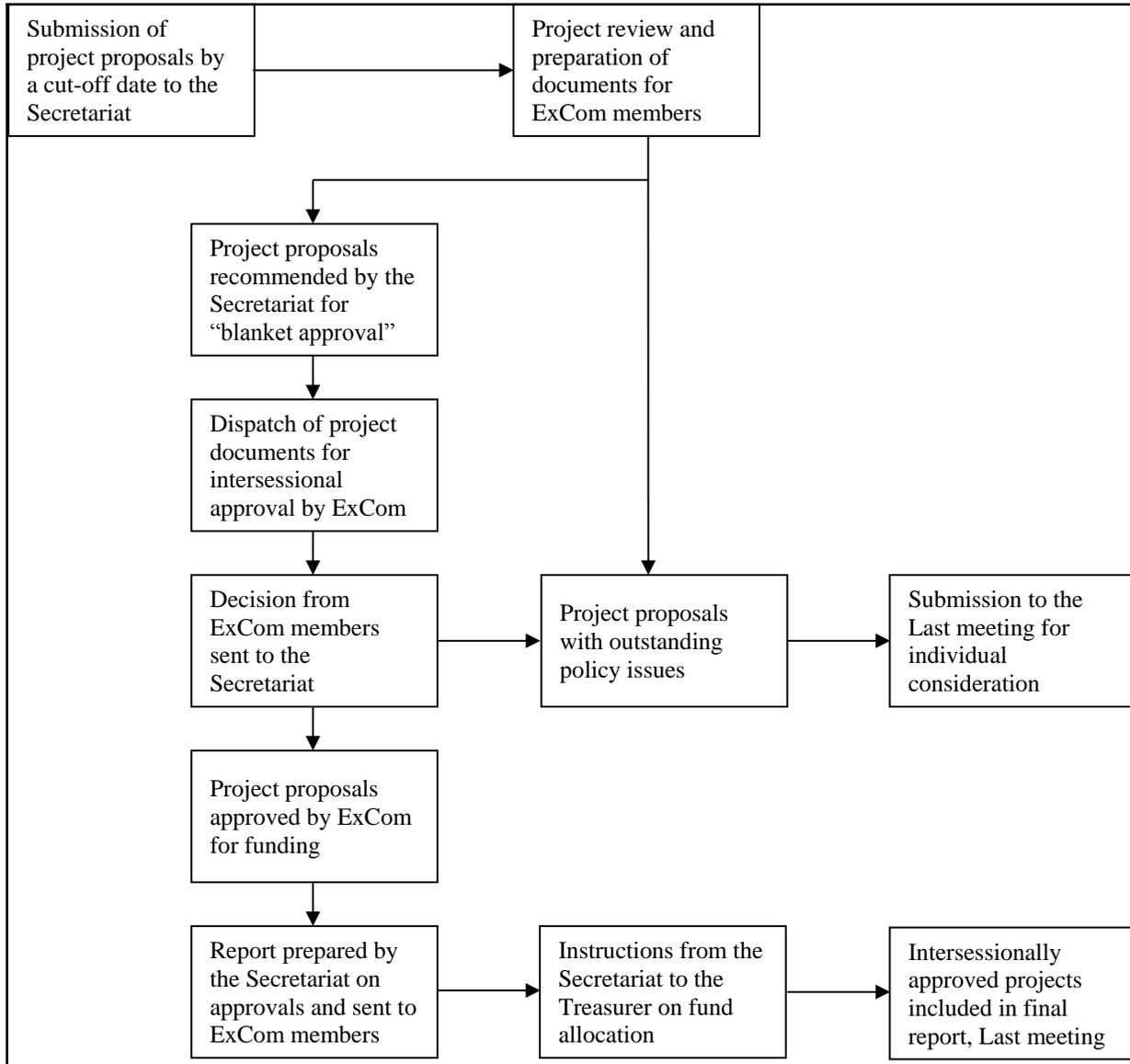
⁴³ Proposed amendment to the Montreal Protocol (UNEP/OzL.Pro.24/5).

⁴⁴ Proposed amendment to the Montreal Protocol (UNEP/OzL.Pro.24/6)

⁴⁵ "Proposed draft decision submitted by Canada, Mexico and the United States of America on the phase-out of HFC-23 as a by-product emission of HCFC-22 with high global-warming potential" (UNEP/OzL.Pro.24/8).

Annex III

**GRAPHIC REPRESENTATION OF THE
INTERSESSIONAL PROJECT APPROVAL PROCESS**



Annex IV

ILLUSTRATIVE AGENDAS

Illustrative agenda of the First meeting

1. Opening of the meeting.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Secretariat activities.
4. Status of contributions and disbursements.
5. Status of resources and planning:
 - (a) Report on balances and availability of resources;
 - (b) Update on the implementation of the current year business plan and tranche submission delays;
 - (c) Status reports and compliance.
6. Programme implementation: Monitoring and evaluation:
 - (a) Evaluation reports from the Senior Monitoring and Evaluation Officer (e.g., consolidated project completion reports (PCR) of multi-year agreements (MYA), MYA database report, desk studies and other analytical documents);
 - (b) Progress reports as at 31 December of previous year (operational part)*:
 - (i) Consolidated progress report;
 - (ii) Bilateral progress report;
 - (iii) UNDP;
 - (iv) UNEP;
 - (v) UNIDO;
 - (vi) World Bank.
7. Project proposals:
 - (a) Overview of issues identified during project review;
 - (b) Bilateral cooperation;
 - (c) Work programmes (e.g., institutional strengthening; preparation for stage II HPMPs):
 - (i) UNDP;
 - (ii) UNEP;
 - (iii) UNIDO;
 - (iv) World Bank;
 - (d) Investment projects (e.g., tranches of stage I HPMPs; a few stage II HPMPs).
8. Policy issues (documents).
9. Report of the Production Sector Sub-group.
10. Other matters.
11. Adoption of the report.
12. Closure of the meeting.

*Due to the unavailability of financial data, reporting limited to operational activities

Illustrative agenda of the Last meeting

1. Opening of the meeting.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Secretariat activities.
4. Status of contributions and disbursements.
5. Status of resources and planning:
 - (a) Report on balances and availability of resources;
 - (b) Tranche submission delays;
 - (c) Status reports and compliance.
6. 2014-2016 business plans:
 - (a) Consolidated business plan of the Multilateral Fund;
 - (b) Business plans of the implementing agencies:
 - (i) Bilateral agencies;
 - (ii) UNDP;
 - (iii) UNEP;
 - (iv) UNIDO;
 - (v) World Bank.
7. Programme implementation: Monitoring and evaluation.
 - (a) Evaluation reports from the Senior Monitoring and Evaluation Officer (e.g., work programme, consolidated PCR report and final evaluation reports that request field visits);
 - (b) Financial part of the progress reports as at 31 December previous year
8. Project proposals:
 - (a) Overview of issues identified during project review;
 - (b) Bilateral cooperation;
 - (c) Work programmes (e.g., institutional strengthening; preparation for stage II HPMPs; UNEP CAP; core unit costs):
 - (i) UNDP;
 - (ii) UNEP;
 - (iii) UNIDO;
 - (iv) World Bank;
 - (d) Investment projects (e.g., tranches of stage I HPMPs; a few stage II HPMPs).
9. Policy issues (documents).
10. Accounts of the Multilateral Fund:
 - (a) Final 2011 accounts;
 - (b) Reconciliation of the accounts.
11. Revised 2014, 2015 and 2016 budgets of the Fund Secretariat.
12. Draft Report of the Executive Committee to the Meeting of the Parties to the Montreal Protocol.
13. Report of the Production Sector Sub-group.
14. Other matters.
15. Adoption of the report.
16. Closure of the meeting.