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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventieth Meeting
Bangkok, 1-5 July 2013

SECRETARIAT ACTIVITIES

Introduction

1. This document presents activities of the Secretariat since the 69th meeting of the Executive Committee.

Notification of the decisions of the 69th meeting of the Executive Committee

2. The Report of the 69th meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/69/40) containing the decisions of the Executive Committee was conveyed to all Executive Committee members and other participants of the 69th meeting, and was placed on the Multilateral Fund's website. Additionally, decisions related to project approvals and tranche submission delays were communicated to 27 Article 5 countries, and to the relevant bilateral and implementing agencies. Pursuant to decision 69/1(b)(i) the Chief Officer wrote to the Russian Federation to express the Committee's appreciation for the country's contribution to the Multilateral Fund. A post-meeting document summarizing decisions taken at the 69th meeting was sent by email 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. The Fund Secretariat issued a press release regarding the approval at the 69th meeting of the HCFC production phase-out management plan (HPPMP) for China, which was widely distributed through the UNEP and United Nations news services.

Review of tasks in preparation for the 70th meeting

3. The Secretariat has undertaken the following tasks in preparation for the 70th meeting.

Status of resources and planning

Balances and availability of resources

4. For the preparation of document UNEP/OzL.Pro/ExCom/70/4 the Secretariat reviewed the obligated and unobligated balances from completed projects held by agencies, including agency support costs. The document includes a calculation of the total amount of resources available to the Executive Committee for approvals at the 70th meeting.

2013-2015 business plans and tranche submission delays

5. The Secretariat prepared a report on the status of business planning in light of decisions and approvals at the 69th meeting, submissions and recommendations for funding to the 70th meeting and allocations in the 2013-2015 business plans. Pursuant to decision 53/3(c), document UNEP/OzL.Pro/ExCom/70/5 also presents information on delayed submissions and the reasons for those delays.

Status reports and compliance

6. The Secretariat updated its analysis of the status of compliance of Article 5 countries with the Montreal Protocol's control measures. The document also includes information on Article 5 countries that are subject to decisions of the Parties to the Montreal Protocol and recommendations of the Implementation Committee and data on the implementation of country programmes, an analysis of ODS consumption data by sector, plus a section that addresses the characteristics of countries' ODS phase-out programmes. Forty-six countries reported country programme implementation data for 2012; forty used the web-based system. An addendum to document UNEP/OzL.Pro/ExCom/70/6 was issued to address implementation delays, status reports, and countries' compliance with agreements with the Executive Committee on methyl bromide phase-out projects.

Programme implementation

Monitoring and evaluation

7. The Senior Monitoring and Evaluation Officer (SMEO) prepared a desk study on the evaluation of the preparatory phase of the phasing out of HCFCs in accordance with the terms of reference approved at the 69th meeting (decision 69/12) contained in document UNEP/OzL.Pro/ExCom/70/7.

8. A report on the multi-year agreement (MYA) project completion reports (PCRs) was also prepared containing lessons learned from eight MYA PCRs that had been received by the issuance date of document UNEP/OzL.Pro/ExCom/70/8, the schedule for MYA PCR submissions by bilateral and implementing agencies, and information on further enhancements to the MYA PCR format.

9. Pursuant to decision 68/7, the SMEO compiled a report on progress to enhance the user friendliness of the electronic online reporting systems and the multi-year agreement database for HCFC phase-out management plans (HPMPs) with a view to facilitating the process of submitting actual and complete information to the Secretariat, the SMEO and the Committee in a timely and efficient manner (UNEP/OzL.Pro/ExCom/70/9).

Annual progress and financial reports as at 31 December 2012

10. The Secretariat compiled and analysed financial data from the bilateral and implementing agencies and summarized the progress made on projects and activities supported by the Multilateral Fund up to 31 December 2012. Document UNEP/OzL.Pro/ExCom/70/10 provides a summary of progress on implementation at the country level, a summary on the implementation of activities to the end of 2012, plus the comments and recommendations of the Secretariat.

Evaluation of the implementation of the 2012 business plans

11. The Secretariat prepared an evaluation of the 2012 business plans of the implementing agencies. Document UNEP/OzL.Pro/ExCom/70/16 also presents a trend analysis for each of the nine performance indicators used in previous years' evaluations and the results of the qualitative assessment of the performance of implementing agencies based on input received from national ozone officers.

Performance indicators

12. Pursuant to decision 69/5(k) the Secretariat prepared a paper based on inputs received from the implementing agencies to address the issue regarding the current performance indicators. Modifications to the currently established performance indicators are proposed in document UNEP/OzL.Pro/ExCom/70/17.

Project Review

13. The Secretariat prepared document UNEP/OzL.Pro/ExCom/70/18 which included an outline of, and statistics on, the submissions received from implementing and bilateral agencies. The Secretariat received 65 funding requests from bilateral and implementing agencies including projects and activities amounting to US \$8,641,899. Following review by the Secretariat, 58 projects and activities are recommended for blanket approval and one third tranche of stage I HPMP (with two funding components) was forwarded for individual consideration by the Executive Committee. Tranches of stage I

of the HPMPs for two countries, and funding for the preparation of the stage II of the HPMP for one country, were withdrawn. The total funding requested at the 70th meeting amounts to US \$6,513,212.

14. No new policy issues arose during the project review process. The document also includes a request to bilateral and implementing agencies to include in their amendments to work programmes at the 71st meeting, funding requests for verification of HCFC consumption for Article 5 countries with a baseline consumption below 360 metric tonnes.

Recording disbursement for stage I of HCFC phase-out management plans

15. Pursuant to decision 69/24(c) the Secretariat prepared a paper based upon the inputs received from the implementing agencies and the Treasurer, presenting a method for recording disbursements for stage I of HPMPs (UNEP/OzL.Pro/ExCom/70/50).

Stage II of HCFC phase-out management plans

16. Document UNEP/OzL.Pro/ExCom/70/51 provides the status of discussions at the 69th meeting on draft guidelines to determine funding levels for the preparation of stage II HPMPs. The document contains the text of the draft guidelines reflecting the inputs of the contact group on the subject, which had been convened at the 69th meeting.

Criteria for funding HCFC phase-out in the consumption sector adopted by 60/44

17. Pursuant to decisions 69/22(b) and 69/24(d) the Secretariat prepared a document on the current status of policy development concerning HCFC phase-out in the consumption sector and the implementation of HCFC phase-out activities based on the criteria set out in decision 60/44. Document UNEP/OzL.Pro/ExCom/70/52 is based on a thorough examination of a wide range of information sources such as the relevant decisions of the Executive Committee and Parties to the Montreal Protocol, the funding approvals for preparation of HCFC phase-out activities and first tranches of stage I HPMPs, HCFC consumption data reported under Article 7 and in HPMP project documents, and other data and information in approved HPMPs.

Minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector

18. Pursuant to decision 68/11 the Secretariat reviewed decisions of the Executive Committee related to the refrigeration servicing sector, the experience gained in the Multilateral Fund from the review of projects and activities addressing the servicing sector, relevant evaluations and case studies, project completion reports, and pertinent publications and technical journals. Moreover the Secretariat carried out extensive consultations with bilateral and implementing agencies in order to collect relevant information that agencies had gathered from the field. The resulting discussion paper presented as document UNEP/OzL.Pro/ExCom/70/53 contains a review of the background issues related to promoting strategies, approaches and technologies to minimize adverse climate impacts of HCFC phase-out in the refrigeration servicing sector.

Demonstration projects for the disposal of unwanted ODS

19. Pursuant to decision 64/50 the Secretariat prepared a report on the experience with the use of the interim guidelines for the preparation of pilot ODS disposal projects and in developing full demonstration projects for the disposal of unwanted waste (UNEP/OzL.Pro/ExCom/70/54).

Operation of the Executive Committee

20. The Secretariat prepared document UNEP/OzL.Pro/ExCom/70/55 as a follow-up to decision 69/25 by which the Executive Committee requested the Secretariat to prepare an analysis of the

implications of holding only two meetings a year without any intersessional approval procedure. In addition to the analysis the document suggests potential meeting dates and illustrative agenda for the two meeting per year scenario.

Provisional 2012 accounts

21. The Secretariat reviewed the document prepared by the Treasurer on the provisional 2012 accounts of the Multilateral Fund, the four implementing agencies and the Fund Secretariat. The final 2012 accounts will be submitted to the 71st meeting. Document UNEP/OzL.Pro/ExCom/70/56 draws attention to the interim audit of UNEP's accounts for the biennium 2012 – 2013 that took place from April to May 2013, which included an examination of the records of the Multilateral Fund.

Report of the Executive Committee to the Meeting of the Parties to the Montreal Protocol (MOP)

22. The Secretariat prepared a draft report of the Executive Committee to the Twenty-fifth MOP as document UNEP/OzL.Pro/ExCom/70/57.

HCFC Production sector

23. The Secretariat prepared a number of documents on HCFC production phase-out issues for the meeting of the Sub-group on the Production Sector which would take place in the margins of the 70th meeting. Production sector documents are available on a restricted area of the website and are limited to members of the Executive Committee.

Progress made in reducing emissions of controlled substances from process agent uses

24. As a follow-up to decision XVII/6 of the 17th Meeting of the Parties, the Secretariat prepared an update covering the period 2011 and 2012 on the progress made in reducing emissions of controlled substances from process-agent uses. The report, issued for the 70th meeting as document UNEP/OzL.Pro/ExCom/70/Inf.2, was forwarded to the Ozone Secretariat for consideration at the 33rd Meeting of the Open Ended Working Group of the Parties to the Montreal Protocol (OEWG) as document UNEP/OzL. Pro.WG.1/33/5.

Documents and policy papers prepared by the Fund Secretariat

25. Of the documents submitted for consideration at the 70th meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated agenda;
- Secretariat activities;
- Status of contributions and disbursements (prepared jointly with the Treasurer);
- Report on balances and availability of resources;
- 2013-2015 business plans and tranche submission delays;
- Status reports and compliance;
- Desk study on the evaluation of the preparatory phase of the phasing out of HCFCs;
- Consolidated multi-year agreement project completion report (decision 68/6);
- Multi-year agreement database for HCFC phase-out management plans (decision 68/7);
- Consolidated progress report as at 31 December 2012;
- Comments and recommendations on the progress reports of bilateral agencies, UNDP, UNEP, UNIDO and the World Bank (5 documents);
- Evaluation of the implementation of the 2012 business plans;
- Performance indicators (decision 69/5(k));

- Overview of issues identified during project review;
- Bilateral cooperation;
- Comments and recommendations on the 2013 work programme amendments of UNDP, UNEP, and UNIDO (3 documents);
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 70th meeting (27 documents);
- Report on how to record disbursement for stage I of HCFC phase-out management plans as per decision 69/24(c);
- Draft guidelines for funding the preparation of stage II of HCFC phase-out management plans (decisions 66/5 and 69/22);
- Criteria for funding HCFC phase-out in the consumption sector adopted by decision 60/44 (decisions 69/22(b) and 69/24(d));
- Discussion paper on minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector (decision 68/11);
- Report on progress and experiences gained in demonstration projects for the disposal of unwanted ODS (decision 64/50);
- Operation of the Executive Committee (decision 69/25);
- Provisional 2012 accounts (prepared jointly with the Treasurer);
- Draft Report of the Executive Committee to the Twenty-fifth Meeting of the Parties to the Montreal Protocol;
- Report of the Executive Committee to the OEWG on the progress made in reducing emissions of controlled substances from process-agent uses (follow-up to decision XVII/6 of the 17th meeting of the Parties). An update for the period 2011 and 2012¹.

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

26. The Secretariat was approached by the Joint Inspection Unit of the United Nations (JIU) in respect of its 2013 evaluation/review entitled “Post-Rio+20 review of environmental governance within the United Nations system.” The Secretariat provided the JIU with information about the Fund’s structure, funding levels, number and characteristics of meetings, meeting participants, project approval process, support costs, Secretariat personnel levels, history of approvals from 2006-2013, implementation modalities, compliance, governance framework, strategic planning, synergies and coordination with other MEAs, scientific assessments, advocacy and outreach, administration, gender distribution and geographical balance of the Executive Committee and Secretariat. A JIU review team will visit Montreal in mid June 2013 to interview key staff from the Fund Secretariat, the Secretariat of the Convention on Biological Diversity and the International Civil Aviation Organization.

27. The Chief Officer received an invitation letter from the Director, Division of Environmental Law and Conventions, UNEP to participate in the country-led meeting to develop terms of reference for a special programme to support institutional strengthening for the chemicals conventions and the Strategic Approach to International Chemicals Management (SAICM). The meeting is to be held from 27 to 30 August 2013 in Bangkok, Thailand.

28. Another invitation was received from the Executive Director of UNEP to attend the Conference of Plenipotentiaries convened for the purpose of adopting and opening for signature the Minamata Convention on Mercury to be held in Minamata, Japan, from 9 to 11 October 2013. It will be preceded by an open-ended intergovernmental preparatory meeting, to be held in Kumamoto, from 7 to 8 October 2013.

¹ Issued as an information document (UNEP/OzL.Pro/ExCom/70/Inf.2).

Voluntary contribution to the Multilateral Fund

29. The Secretariat received a letter from the European Commission regarding its plans to make a voluntary contribution of € 3 million to the Multilateral Fund, which should be used to maximise the climate benefits of the ongoing HCFC phase-out. Further details can be found in the letter attached to this document as Annex I.

Meetings attended and missions undertaken

Missions of the Chief Officer

30. The Chief Officer participated in the meeting of the West Asia Network of ODS Officers that took place in Manama, Bahrain from 12 to 15 May 2013.

Missions of other staff

31. Secretariat staff attended two network meetings that took place between the 69th and 70th meetings of the Executive Committee as follows:

- Joint Meeting of the Pacific Island Countries (PIC) and South East Asia (SEAP) Networks of Ozone Officers in Gold Coast (Australia) from 6-9 May 2013.
- Meeting of the Central America, South America and Spanish-speaking Caribbean Networks of Ozone Officers in Bogota (Colombia) from 11 to 14 June 2013.

32. The Secretariat also provided a presentation on recent decisions of the Executive Committee to the meeting of the regional ozone network for Europe and Central Asia that took place in Ohrid, The former Yugoslav Republic of Macedonia, from 21 to 23 May 2013.

Montreal Protocol and other meetings

33. The Chief Officer together with relevant senior staff will attend the 33rd Meeting of the OEWG and the 50th Meeting of the Implementation Committee, which are to be held back to back with the 70th meeting of the Executive Committee.

Recruitment and selection

34. The selection process against the P3 Information Technology Officer post has been finalised and Mr. Syoum was selected.

Staff development and training

35. In late April 2013 several staff attended a short training course on results-based management (RBM) organized by UNEP's Office of Operations in the offices of the Fund Secretariat. A capacity building training on procurement was held on 1 and 2 May 2013 at the Secretariat's offices for concerned staff from the Fund Secretariat and the Secretariat of the Convention on Biological Diversity.

Preparation for the meetings of the Executive Committee

36. Logistic arrangements were made for the 70th meeting of the Executive Committee to be held at the United Nations Conference Centre in Bangkok (Thailand) from 1 to 5 July 2013. Letters of invitation and passwords to access meeting documentation in password protected areas of the website were provided to members of the Executive Committee, the President of the Bureau of the Twenty-fourth Meeting of the Parties, the President and Vice President of the Implementation Committee, the Executive Director of

UNEP, the Executive Secretary of the Ozone Secretariat, the implementing agencies and non-governmental organizations. The Fund Secretariat is also providing some staff support to the Ozone Secretariat for the 33rd Meeting of the OEWG in Bangkok from 24 to 28 June 2013.

Information activities

37. A site containing meeting documents in Arabic, English, French and Spanish, and logistical information on the 70th meeting was created in the public website.

38. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines for the 70th meeting:

- Inventory of Approved Projects as of April 2013;
- Country Programme Summary Sheets as of April 2013;
- Policies, Procedures, Guidelines and Criteria as of April 2013;
- Phase-out plans and projects as of April 2013;
- HCFC phase-out management plans as of April 2013;
- List of confidential documents.



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
CLIMATE ACTION
Directorate C - Mainstreaming Adaptation and Low Carbon Technology
CLIMA.C.2 - Transport and Ozone
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Subject: Voluntary contribution to the Multilateral Fund

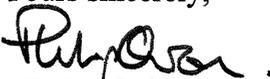
Dear Maria,

As you may be aware the European Commission is planning to make a voluntary contribution of € 3 Million to the Multilateral Fund, which should be used to maximise the climate benefits of the ongoing HCFC phase-out. Please find attached a summary project description.

Although a formal decision on the provision of this contribution will only be taken by the Commission in the course of this summer, it would already be useful to start the preparation of a draft contribution agreement at this stage. This is because a certain lead time will be required before the agreement can be signed with UNEP in its capacity as the treasurer of the Multilateral Fund. I would therefore appreciate if you could assign contact persons within the Secretariat who could help with this matter.

You might also consider informing the Executive Committee on our intentions at its next meeting, on 1-5 July 2013, in Bangkok. If this were the case, it might be useful to admit Cornelius Rhein as observer to that meeting. As he is following this project in my team, he would be able to provide further information to the Committee, if required.

Yours sincerely,


Philip Owen

Maximising climate benefits of the HCFC phase-out through a voluntary and additional contribution of € 3.000.000 to the Multilateral Fund

BACKGROUND

The Multilateral Fund (MLF) of the Montreal Protocol provides funds to help Article 5 countries to comply with their obligations to phase out the use of ozone-depleting substances (ODS) according to an agreed schedule. For the phase-out of ODS, in particular of hydrochlorofluorocarbons (HCFCs), Article 5 countries have to submit Management Plans (HPMPs) for each stage of the phase-out, specifying concrete projects with the assistance of implementing agencies, for approval by the Executive Committee of the MLF.

The transition from ODS to HFCs, as currently practiced, would result in considerable greenhouse gas emissions. On the other hand, “leapfrogging” from ODS directly to climate-friendly alternatives, without phasing in alternatives with high global warming potentials (in particular hydrofluorocarbons) first, would provide clear benefits to the climate.

A comprehensive study carried out in the course of the review of the EU F-gas Regulation concluded that in most sectors a number of viable alternatives are available that are safe, cost-effective and energy efficient.¹ This conclusion is confirmed by recent assessments carried out by TEAP.

Alternatives include in particular hydrocarbons (propane, butane and others), ammonia, and CO₂ (the "natural" alternatives) as well as HFOs (a chemical compound similar to HFCs but not ozone depleting and with only marginal climate impact), all of which have distinct characteristics and (dis)-advantages, so that the choice depends upon equipment and sector where they are employed.

Since the driver and legal basis, the Montreal Protocol, legislates ODS only, MLF projects focus on reducing the ODS substances. Only recently, following Decision XIX/6, the impacts on climate became a determining factor in the choice of alternative technologies. Additional support to incentivise the use of low-GWP and climate neutral alternatives to HCFCs will safeguard and maximise the climate benefits of the phase-out of HCFCs.

Complementary actions

The project provides additional funding to the MLF of the Montreal Protocol, fully independent of the EU Member States' contributions to the replenishment of the Fund. These voluntary and additional funds are earmarked for the measures enabling the transition from HCFCs to the use of low GWP or climate neutral technologies, in particular in countries with low consumption of ODS. Only those measures should be funded which are not eligible for MLF funding under the eligibility criteria defined by the Executive Committee or for which the cost-efficiency thresholds, even with the bonus of 25% pursuant Decision XIX/6, would not allow to cover the costs.

¹ Schwarz et al. (2011): http://ec.europa.eu/clima/policies/f-gas/docs/2011_study_en.pdf

Envisaged actions

Funded activities should, subject to eligibility criteria to be agreed,

- complement projects eligible for MLF funding according to the decisions of its Executive Committee,
- focus on countries with low and very low consumption of ODS,
- promote the transition from ODS to natural alternatives to HCFCs such as CO₂, hydrocarbons, ammonia or water, or to not in-kind alternatives, in particular by
 - o carrying out demonstration projects, in particular in the end-user sector (e.g. refrigeration in supermarkets) and the manufacturing of air-condition systems
 - o "climate-proof" existing HCFC phase-out projects
 - o improving the local supply of natural refrigerants
 - o training and information dissemination activities
- improve the information on current and expected uses of alternatives to HCFCs, including national inventories of those, and assessments of the feasibility of a transition to non-HFC-alternatives in individual countries.

Implementation

The project is implemented through the signature of a Standard Contribution Agreement with UNEP as the treasurer of the MLF, including the formulation of eligibility criteria for the disbursement of the funds ("ear-marking"). The European Commission reserves the right to amend and further specify the eligibility criteria for future project proposals on the basis of acquired experiences.

The identification, management and monitoring of individual measures for additional funding is entrusted to the MLF under the guidance of its Executive Committee, ensuring full ownership of these projects by the beneficiary countries.

The indirect costs for the implementation are limited to 7%.

The disbursement of the contribution should be staged in tranches, following a schedule to be agreed with the MLF.