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

**DRAFT REPORT OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL TO THE
TWENTY-FIFTH MEETING OF THE PARTIES**

Pursuant to the Terms of Reference of the Executive Committee of the Multilateral Fund, the Secretariat has prepared the draft report to the Twenty-fifth Meeting of the Parties for your consideration. The report contains the relevant decisions taken by the Committee at its 68th and 69th meetings and, after the conclusion of the 70th meeting, it will be updated to incorporate any comments from the meeting and the relevant decisions taken at that meeting.

Introduction

1. The terms of reference of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro.9/12, Annex V) require the Executive Committee to report annually to the Meeting of the Parties. The present report, which covers the activities undertaken by the Executive Committee since the Twenty-fourth Meeting of the Parties, is submitted in fulfilment of that requirement. The report includes three annexes: Annex I containing an assessment report on implementation of the recommendations contained in the 2012 evaluation and review of the financial mechanism; Annex II containing tables with data on project approvals; and Annex III showing the amounts of HCFC consumption phased in.

2. During the reporting period, the 68th meeting of the Executive Committee was held in Montreal from 3 to 7 December 2012, the 69th in Montreal from 15 to 19 April 2013 [and the 70th in Bangkok from 1 to 5 July 2013]. The reports of those meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/68/53, UNEP/OzL.Pro/ExCom/69/40 and [*to be completed*], respectively, and are available on the Multilateral Fund's web site (www.multilateralfund.org).

3. In accordance with decision XXIII/19 of the Twenty-third Meeting of the Parties, the 68th meeting of the Executive Committee was attended by Belgium, Canada, Finland, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by Argentina, China, Cuba, India, Jordan, Kenya and Mali, representing Parties operating under paragraph 1 of Article 5, and was chaired by Mr. Xiao Xuezhi (China), with Ms. Fiona Walters (United Kingdom of Great Britain and Northern Ireland) acting as Vice-Chair.

4. In accordance with decision XXIV/22 of the Twenty-fourth Meeting of the Parties, the 69th meeting was attended by Belgium, Canada, Finland, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by India, Kuwait, Mali, Nicaragua, Serbia, Uganda and Uruguay, representing Parties operating under paragraph 1 of Article 5, and was chaired by Ms. Fiona Walters (United Kingdom of Great Britain and Northern Ireland), with Mr. Vladan Zdravkovic (Serbia) acting as Vice-Chair. Ms. Maria Nolan, Chief Officer, acted as Secretary for all the Meetings.

5. All the meetings within the reporting period were also attended by representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), both as implementing agency and as Treasurer of the Fund, the United Nations Industrial Development Organization (UNIDO), the World Bank, the Ozone Secretariat and other observers.

A. ACTIONS TAKEN TO IMPLEMENT DECISIONS OF MEETINGS OF THE PARTIES

Decision XIX/6 and decision XXI/9

6. Decision XIX/6 requested the Executive Committee to assist Parties in preparing their HCFC phase-out management plans (HPMPs). Decision XXI/9 also called on the Executive Committee, as a matter of urgency, to expedite the finalization of its guidelines on HCFCs and consider providing additional funding and/or incentives for additional climate benefits, where appropriate, and consider further demonstrating the effectiveness of low-global warming potential (GWP) alternatives to HCFCs. Several outstanding issues regarding HCFC phase-out were discussed at the meetings during the period under review and are described below. Since these two decisions were taken, HPMPs for 138 countries have been approved.

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

7. The 68th meeting considered a document indicating the amounts of HCFC-141b contained in pre-blended polyols that had been exported by ten Article 5 countries. The Executive Committee decided to deduct the following amounts of HCFC-141b exported in pre-blended polyols from the starting point for aggregate reduction in HCFC consumption when stage II of the countries' HPMPs were submitted: Chile (2.42 ODP tonnes); China (137.83 ODP tonnes); Colombia (12.30 ODP tonnes) and Mexico (28.60 ODP tonnes). It 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 (decision 68/42(b) and (c)).

Maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector

8. The Secretariat presented a revised proposal on maximizing climate benefits from the phase-out of HCFCs in the refrigeration servicing sector to the 68th meeting. After some discussion, a contact group was set up and reported that some members had serious reservations with regard to a number of the key elements. The Executive Committee therefore 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 (decision 68/11).

Guidelines for stage II of HPMP preparation

9. The 69th meeting discussed draft guidelines for funding the preparation of stage II of HPMPs, which addressed their timing, information requirements and funding levels. A lengthy discussion was held on the issue, during which it was suggested that stage II preparation be made conditional on the progress of stage I and that sufficient time be taken to evaluate stage I before approving funding for stage II. While some members cautioned against waiting too long to proceed with the preparation of stage II of HPMPs because it might result in a hiatus between funding for stages I and II and place countries at risk of being in a situation of potential non-compliance, it was also considered that a clear analysis of available alternatives to HCFC substances was needed as part of stage II preparation so as to ensure that stage II was implemented efficiently and project preparation funding was not provided for sectors for which alternative substances were not available. A number of members stated that, in any event, all requests for funding for stage II preparation should be accompanied by full justification, and that the maximum amount should only be granted when certain conditions had been met. It was proposed that countries requiring stage II activities be encouraged to adopt a regional approach to HCFC phase-out and that global developments in the areas of co-financing and climate benefits be integrated. In view of the complexity of the issue and the diversity of opinions expressed, a contact group was established to discuss the matter further and, after hearing its report, the Executive Committee decided to defer consideration of the draft guidelines for funding the preparation of stage II of the HPMPs, as amended at the 69th meeting of the Executive Committee, to the 70th meeting (decision 69/22(a)).

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

10. At the 69th meeting the Secretariat was requested to prepare an information document for the 70th meeting to assist the Executive Committee in reviewing the criteria for funding HCFC phase-out in

the consumption sector adopted by decision 60/44, including an analysis of the cost-effectiveness of projects approved so far, as well as the division of costs between incremental operating costs and incremental capital costs (decision 69/22(b)). At the same meeting, the Secretariat was also encouraged to consider options to ensure: that the level of funding for the first year of stage II would meet the 20 per cent disbursement threshold, and that subsequent tranches were considered in light of the need for cash and the likelihood of reaching the 20 per cent disbursement threshold (decision 69/24(d)).

Decision XXIII/16

11. The Twenty-third Meeting of the Parties had directed the Treasurer to extend the fixed-exchange-rate mechanism (FERM) to the period 2012–2014 and a list of Parties that had opted to use the FERM during the 2012-2014 replenishment period was presented to the 68th meeting (decision 68/1).

Decision XXIV/11

12. The Twenty-fourth Meeting of the Parties had requested the Executive Committee, within its mandate, to consider the report on the 2012 evaluation of the financial mechanism of the Montreal Protocol, as appropriate, in the process of continuously improving the management of the Multilateral Fund. Accordingly, the 69th meeting had before it a report summarizing all the actions taken by the Executive Committee on each of the recommendations contained in the 2012 evaluation of the financial mechanism and decided to forward a modified version of the Secretariat's report on implementing the Parties' decision to their Twenty-fifth Meeting (decision 69/27); an updated version is contained in Annex I to this report.

B. PROCEDURAL MATTERS

Production Sector Sub-group

13. The 68th meeting was informed that the Sub-group had held an intersessional meeting in the margins of the Twenty-fourth Meeting of the Parties. A further meeting had been convened in the margins of the 68th meeting, subsequent to which the convenor had reported that it had not been possible to come to an agreement on the way forward for the HCFC production phase-out management plan (HPPMP) for China. The Executive Committee, therefore, requested the World Bank to provide costs and rationale for the administrative cost functions identified in the draft agreement submitted to the meeting and for the project duration to the 69th meeting of the Executive Committee.

14. The Sub-group also continued discussion of the guidelines for HCFC production. It was pointed out that it had been five years since the Meeting of the Parties had approved the accelerated phase-out of HCFCs and that it had still not been decided whether swing-plants were eligible for additional support. At the Meeting of the Parties, it had been stated that the issue was under consideration by the Executive Committee, however, it appeared that the Executive Committee had been unable to reach an agreement on whether additional support should be provided to swing-plants for HCFC production phase-out and the Meeting of the Parties should be apprised of that fact. The Executive Committee decided that the text informing the Meeting of the Parties on this issue should be considered in the context of the discussion on the report of the Executive Committee to the Meeting of the Parties, which would be considered by the Executive Committee at its 70th meeting (decision 69/28(d)).

15. The Sub-group met several times in the margins of the 69th meeting and modified its agenda to consider other matters such as the issue of the Agreement between the Government of China and the World Bank for stage I of HCFC phase-out in the polyurethane foam and production sectors, while a small negotiating group addressed the HPPMP for China.

16. The 69th meeting was informed that the small negotiating group had reached agreement on the HPPMP for China, namely, to approve US \$95 million for stage I of the HPPMP to meet the freeze and 10 per cent reduction of China's Montreal Protocol HCFC production baseline. Then the meeting approved a total of US \$95 million for stage I of the HPPMP for China, inclusive of all project costs, excluding agency support costs, recognizing China's need to front-load payments in this sector; on the condition that:

- (a) Disbursement of stage I funding would be US \$24 million in 2013, US \$23 million in 2014, US \$24 million in 2015, and US \$24 million in 2016; and the 2014-2016 funding would be released only after verification of prior year data;
- (b) Total compensation for the entire China HCFC production sector did not exceed US \$385 million, inclusive of all project costs, excluding agency support costs;
- (c) The total amount of phase-out to be achieved by the project was based on the verified 2010 ODS production data of: 310,000 metric tonnes of HCFC-22, 98,711 metric tonnes of HCFC-141b, 33,957 metric tonnes of HCFC-142b, 2,819 metric tonnes of HCFC-123 and 401 metric tonnes of HCFC-124;
- (d) Production lines producing only HCFCs for controlled uses would be closed and dismantled;
- (e) China agreed to retire an additional 24 per cent of production capacity beyond the tonnages mentioned above to take into account average utilization of HCFC production;
- (f) Funding for stage I of the HPPMP and beyond would be used to prioritize total permanent closure and dismantling of HCFC production lines. No compensation would be provided in the HPPMP for the production line in Juhua, which produced CFCs in 2010;
- (g) China agreed to ensure that any compensated plant:
 - (i) Did not redirect any phased out HCFC production capacity toward feedstock, subject to a penalty to be specified in the HPPMP agreement;
 - (ii) Appropriate monitoring and verification of each compensated production line would be undertaken to ensure that the production sector agreement was implemented and that redirection to feedstock did not take place;
- (h) China agreed to coordinate with its stakeholders and authorities to make best efforts to manage HCFC production and associated by-product production in HCFC plants in accordance with best practices to minimize associated climate impacts;
- (i) China agreed to optimize the implementation of the HPPMP in order to minimize environmental and climate impacts as much as possible, including by giving priority to HCFC production closure to achieve HCFC reduction targets set forth in decision XIX/6 of the Nineteenth Meeting of the Parties; and
- (j) China would ensure that any funds in possession of the Foreign Economic Cooperation Office of the Ministry of Environment Protection would return a reasonable rate of interest, and that any interest would be offset in future tranches (decision 69/28(e)).

17. With respect to the administrative costs of the HPPMP for China, the Executive Committee requested that information be provided to the 70th meeting on the estimated cost of both the items and the elements in the submission and the rationale for consideration, and that a report thereon be included in the project completion report (PCR) for the CFC production sector projects to be submitted to the 72nd meeting (decision 69/28(b)).

18. The Secretariat was also requested to prepare a brief report on the allocation from the polyurethane foam sector to the production sector in the agreement between the World Bank and China for stage I of HCFC phase-out in the polyurethane foam and production sectors for the consideration of the Production Sector Sub-group at the 70th meeting (decision 69/28(c)).

19. The Secretariat was requested to prepare a draft agreement, in cooperation with the World Bank, including a proposal for the World Bank's agency support costs, for consideration by the Executive Committee at its 70th meeting, taking into account the decision above, the CFC production phase-out agreement and the HPPMP draft agreement submitted by the World Bank to the 68th meeting (decision 69/28(f)).

C. FINANCIAL AND ADMINISTRATIVE MATTERS

(i) Status of contributions and disbursements

20. As at [to be completed] 2013, the total income to the Multilateral Fund, including cash payments, promissory notes held, bilateral contributions, interest earned and miscellaneous income, amounted to US \$[to be completed], and total allocations, including provisions, amounted to US \$[to be completed]. The balance available at [to be completed] therefore amounted to US \$[to be completed]. The yearly distribution of contributions against pledges is as follows:

YEARLY DISTRIBUTION OF CONTRIBUTIONS AGAINST PLEDGES

Year	Pledged contributions US \$	Total payments US \$	Arrears/outstanding pledges US \$
1991-1993	234,929,241	210,877,289	24,051,952
1994-1996	424,841,347	393,465,069	31,376,278
1997-1999	472,567,009	434,355,498	38,211,511
2000-2002	440,000,001	429,283,071	10,716,930
2003-2005	474,000,000	465,570,282	8,429,718
2006-2008	368,028,480	358,884,648	9,143,832
2009-2011	399,640,706	385,276,047	14,364,659
2012	131,538,756	77,925,096	53,613,660
2013			
Total:			

Note: Not including any disputed contributions.

(ii) Interest collected during the 2006-2008, 2009-2011 and 2012-2014 trienniums

21. As at [to be completed] 2013, the total level of interest recorded in the Treasurer's accounts amounted to US \$43,537,814 for the 2006-2008 triennium, US \$10,544,631 for the 2009-2011 triennium, and US \$[to be completed] for the 2012-2014 triennium.

(iii) Fixed-exchange-rate mechanism

22. The 68th meeting was provided with a list of Parties that had opted to use the fixed exchange-rate-mechanism during the replenishment period 2012-2014. The Treasurer also informed the 68th, 69th [and

70th] meetings of the total amounts gained from exchange differences since the inception of the FERM, which stood at US \$[*to be completed*] as of [*to be completed*]

(iv) Bilateral cooperation

23. At the 68th meeting the Executive Committee approved requests by France, Germany and Japan to credit bilateral assistance amounting to a total of US \$4,078,052 (decision 68/14). The 69th and 70th meetings approved two requests by Germany amounting to US \$438,036 (decision 69/15) and US \$[*to be completed*], respectively. This brings the total for bilateral cooperation since the inception of the Multilateral Fund to US \$[*to be completed*] (excluding cancelled and transferred projects), representing approximately [*to be completed*] per cent of funds approved. The range of bilateral projects approved includes, *inter alia*, HPMPs, national methyl bromide phase-out plans, and development of a strategy for ODS disposal and destruction.

(v) Issues pertaining to contributions

24. During the period under review, the Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible (decisions 68/1(b), 69/2(b) and [*to be completed*]).

25. The Chief Officer informed the 68th meeting that the Government of the Russian Federation had passed a decision to pay its annual contributions to the Fund as of 1 January 2013. The 69th meeting was subsequently informed that the Russian Federation had paid its pledge for the year 2013, amounting to US \$2.7 million, and the Chief Officer thanked the Russian Federation and all those who had contributed to the success of the endeavours. The Russian Federation's outstanding contributions remained a matter of contention that would best be addressed, if need be, in another forum. The Treasurer informed the meeting that he had been requested to maintain the outstanding contributions of the Russian Federation in the outstanding contributions category of the Fund's accounts and would continue to do so until otherwise instructed by the Executive Committee.

(vi) Final 2011 accounts

26. The United Nations Board of Auditors' findings and recommendations on the Multilateral Fund's 2011 accounts were presented to the 68th meeting, together with the 2010-2011 audits of UNEP's accounts. The Executive Committee noted that the final audit report on the 2011 financial statement for the year ended 31 December 2011 had been completed and took account of the United Nations Board of Auditors' findings and recommendations on the Fund's 2011 accounts. 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 (UNSAS). The Treasurer was requested to ensure that the recommendation by the United Nations Board of Auditors to record audited statements from implementing agencies (World Bank and UNIDO) would not prevent the annual reconciliation of the accounts taking place within the same time frame, and to record in the 2012 accounts the differences between the agencies' provisional statements and their final 2011 accounts. Lastly, UNEP was requested to consult the Executive Committee prior to any decision regarding possible integration of the accounts of the Multilateral Fund with those of UNEP under the International Public Sector Accounting Standards (IPSAS) and, as implementing agency, to advise the Executive Committee if it determines that any changes to its own current practices and procedures related to cash advances may be needed (decision 68/43).

(vii) Reconciliation of the accounts of the Multilateral Fund

27. The 68th meeting noted the actions taken by the Treasurer in 2012 to reflect the adjustments resulting from the reconciliation of 2011 accounts exercise and requested implementing agencies to carry out certain 2011 adjustments in 2012 (decision 68/44).

(viii) Revised 2012, 2013 and 2014 and proposed 2015 budgets of the Fund Secretariat

28. The 68th meeting approved the revised 2012 budget of US \$6,988,442, adjusted to take into account the cost differential of holding the 67th meeting in Bangkok. It also approved the revised 2013 budget of US \$3,024,031 to cover the Secretariat's operational costs and the 2013 personnel component cost, for a total of US \$7,067,547. The salary component of US \$4,164,821 for the 2014 budget already approved at the 65th meeting was noted and the proposed 2015 personnel component costs totalling US \$4,287,391 were approved. It was also decided to maintain the 3 per cent rate applied to the 2013, 2014 and 2015 budgets. The Executive Committee took note of 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 Executive Committee (decision 68/45).

(ix) Financial planning for 2012-2014

29. Reports on balances and availability of resources were presented to the 68th and 69th meetings, which approved the adjustments requested (decisions 68/2 and 69/3).

30. At the 68th meeting, the Secretariat was requested, through its coordination meeting with bilateral and implementing agencies, to adjust all new activities in the 2013-2015 business plans for 2013 and 2014 to be within the budget allocation for the 2012-2014 triennium and to allow for an allocation of up to US \$150 million for all activities in 2015, for planning purposes. The Secretariat and bilateral and implementing agencies were asked to take into account the planned commitments and standard activities in business planning for new activities in 2015, assuming continued Compliance Assistance Programme, institutional strengthening, core unit and project preparation for HPMPs at current rates, with growth as allowed by existing decisions (decision 68/3(b)(iii)a. and (iv)).

31. The Treasurer confirmed to the 69th meeting that, in view of the ongoing need for cash for the Fund's activities, Parties that paid their contributions in the form of promissory notes had been requested to allow the encashment of the notes as soon as possible.

(x) Assessment of the administrative cost regime for the 2015-2017 triennium

32. The Secretariat's observations on the possible terms of reference for the assessment of the administrative cost regime for the period 2015 to 2017 were presented to the 68th meeting. It was pointed out that agency fees should also be considered in the context of guidance for stage II of HPMPs because the relevant agreements could extend over more than one triennium, whereas administrative cost regimes were usually for one triennium only. As stage II of HPMPs might need to be funded differently, it was agreed to defer further consideration of the terms of reference until the 70th meeting, or until after the guidelines for stage II of HPMPs had been approved by the Executive Committee (decision 68/10).

(xi) 2013 core unit costs for UNDP, UNIDO and the World Bank

33. A report on 2013 core unit costs for UNDP, UNIDO and the World Bank was presented to the 68th meeting, which approved the requested core unit budgets at the amounts of US \$1,998,453 for UNDP, US \$1,998,453 for UNIDO, and US \$1,725,000 for the World Bank (decision 68/19).

(xii) Resource mobilization for climate co-benefits

34. The 68th meeting requested the Secretariat to provide its recommendations to the 69th meeting on criteria identified in the final reports on resource mobilization for climate co-benefits to be submitted to the 69th meeting by UNDP, UNEP, UNIDO and the World Bank with a view to facilitating consideration of whether to engage in a short-term pilot scheme for mobilization of financing for non-eligible projects (decision 68/4(c)).

35. The reports on resource mobilization for climate co-benefits by UNDP, UNEP and UNIDO were noted by the 69th meeting. UNDP and UNEP were requested to submit the final projects by the 71st meeting, and the World Bank was urged to submit a final report on the study for climate co-benefits by the 70th meeting (decision 69/4(c)-(f)).

(xiii) Recruitment of the Chief Officer

36. A contact group was set up at the 68th meeting to discuss a number of issues relating to the procedure for recruitment of the third Chief Officer of the Multilateral Fund Secretariat. After hearing the report of the group, the Executive Committee approved the vacancy announcement for the post of Chief Officer, requesting UNEP to expedite the launching of the vacancy announcement and to facilitate the selection process. The meeting approved 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, to review all applications, interview leading candidates and make a recommendation, if possible, to the 69th meeting. The Executive Director of UNEP was requested to work with the Chair of the Executive Committee to keep the Committee informed of progress made. The Secretary-General of the United Nations and the Executive Director of UNEP were requested to expedite the timely appointment of the Chief Officer in order to ensure continuity of the work of the Multilateral Fund (decision 68/46).

37. The 69th meeting considered the documents prepared by the Secretariat as a follow-up to decision 68/46 and was informed that the scoring matrix presented therein was only presented as an example and that it was up to the selection panel to revise it as necessary. The Executive Committee approved the revised vacancy announcement for the post of third Chief Officer with a closing date of 24 April 2013 and the following appointments to the selection panel: United Kingdom of Great Britain and Northern Ireland, Co-Chair, Japan and the United States of America, representing non-Article 5 countries, and India, Uganda and Uruguay, representing Article 5 countries, together with Mr. Achim Steiner, Co-Chair, or Ms. Amina Mohamed on Mr. Steiner's behalf, and Mr. Marco Gonzalez, representing UNEP. The members of the selection panel were requested to work intersessionally on the matters within its purview and to report to the 70th meeting of the Executive Committee, through its Chair, on progress made in the process of selecting the Chief Officer (decision 69/26).

D. BUSINESS PLANNING AND RESOURCE MANAGEMENT

(i) Consolidated business plan of the Multilateral Fund for 2013-2015

38. The 69th meeting noted that the value of the business plan for 2013-2015 exceeded the budget by a total of about US \$153.8 million. The adjustments suggested by the Secretariat, which were based on existing decisions of the Executive Committee, would not be enough to bring the business plan within budget, but there would be sufficient resources if activities in the consumption sector aiming to effect a reduction of more than 35 per cent of the baseline and those in the production sector were not to exceed US \$107.5 million during the 2013-2015 triennium.

39. After hearing the report of a contact group set up to discuss the issues raised and making some amendments to the projects proposed, the Executive Committee endorsed the consolidated 2013-2015 business plan as further adjusted by the Secretariat and the Executive Committee, while noting that endorsement denoted neither approval of the projects identified therein nor their funding or tonnage levels. It also decided to adjust the value in the business plans for the production sector to maintain overall activities within the budget for the triennium. It was decided to allow the submission of ODS destruction projects where project preparation had already been approved in accordance with the approved guidelines no later than the 72nd meeting of the Executive Committee (decision 69/5).

(ii) 2013-2015 business plans of the bilateral and implementing agencies

40. The 69th meeting took note of the business plans of the bilateral agencies, UNDP, UNEP, UNIDO and the World Bank, and approved the performance indicators for the implementing agencies (decisions 69/6, 7, 8, 9 and 10).

(iii) Status reports and compliance

41. The 68th, 69th and 70th meetings considered updated reports on the status of compliance and information on projects with implementation delays. It was decided to request additional status and other reports on a number of projects and the Fund Secretariat was requested to take the established actions regarding projects with implementation delays (decisions 68/4, 69/4 and [to be completed]).

42. During this reporting period, the Executive Committee noted the progress reports submitted pursuant to specific reporting requirements on approved projects and took the required action (decisions 68/4, 69/4 and [to be completed]).

E. FUND ACHIEVEMENTS SINCE INCEPTION

(i) Total ODS phased out

43. Since 1991, [to be completed] projects and activities (excluding cancelled and transferred projects) had been approved, with the following geographical distribution [to be completed] projects and activities for countries in Asia and the Pacific; [to be completed] for countries in Latin America and the Caribbean; [to be completed] for countries in Africa, [to be completed] for countries in Europe; and [to be completed] with global coverage. Of the [to be completed] tonnes of ODS to be eliminated once all these projects have been implemented, a total of [to be completed] tonnes of ODS had already been phased out. A breakdown by production and consumption and by sector is given in table 1 of Annex II. The sectoral distribution of the actual ODS phased out is indicated in the table below:

Sectors	ODP tonnes phased out*
Aerosol	[to be completed]
Destruction	[to be completed]
Foam	[to be completed]
Fumigant (methyl bromide)	[to be completed]
Halon (production and consumption)	[to be completed]
Projects in multiple sectors	[to be completed]
Process agent (production and consumption)	[to be completed]
National phase out plan (production and consumption)	[to be completed]
Production	[to be completed]
Refrigeration	[to be completed]

Sectors	ODP tonnes phased out*
Several	[to be completed]
Solvent	[to be completed]
Sterilant	[to be completed]
Tobacco expansion	[to be completed]
Total	[to be completed]

*Excluding cancelled and transferred projects

(ii) Funding and disbursement

44. The total funds approved by the Executive Committee since 1991 in order to achieve this phase-out of ODS and to implement both ongoing investment projects and all non-investment projects and activities amounted to US \$[to be completed], including US \$[to be completed] for agency support costs (excluding cancelled and transferred projects). Of the total project funds approved, the amounts allocated to, and disbursed by, each of the implementing agencies and bilateral agencies, are indicated in the table below:

Agency	US \$ approved (1)	US \$ disbursed (2)
UNDP	[to be completed]	[to be completed]
UNEP	[to be completed]	[to be completed]
UNIDO	[to be completed]	[to be completed]
World Bank	[to be completed]	[to be completed]
Bilateral	[to be completed]	[to be completed]
Total	[to be completed]	[to be completed]

(1) As at [to be completed] (excluding cancelled and transferred projects)

(2) As at [to be completed] (excluding cancelled and transferred projects)

F. FUNDING APPROVALS DURING THE REPORTING PERIOD

(i) Projects and activities approved during the reporting period (68th, 69th [and 70th] meetings of the Executive Committee)

45. During the reporting period, the Executive Committee approved a total of [to be completed] additional projects and activities, with a planned phase-out of [to be completed] ODP tonnes in the production and consumption of controlled substances. The total funds approved for project/activity implementation, amounting to US \$[to be completed] including US \$[to be completed] for agency support costs, are as follows by agency:

Agency	US \$	US \$ support	US \$ total
UNDP	[to be completed]	[to be completed]	[to be completed]
UNEP	[to be completed]	[to be completed]	[to be completed]
UNIDO	[to be completed]	[to be completed]	[to be completed]
World Bank	[to be completed]	[to be completed]	[to be completed]
Bilateral	[to be completed]	[to be completed]	[to be completed]
Total	[to be completed]	[to be completed]	[to be completed]

(ii) 2012 and 2013 work programmes

46. Amendments to the 2012 work programme of UNDP, UNEP, UNIDO and the World Bank were approved by the 68th meeting (decisions 68/12, 15, 16 and 17).

47. The 69th meeting approved the 2013 work programmes of UNDP, UNEP, UNIDO and the World Bank (decisions 69/14, 16 and 17) and the 70th meeting approved amendments to UNDP's, UNEP's and UNIDO's 2013 work programmes (decision *[to be completed]*).

(iii) UNEP's Compliance Assistance Programme (CAP) budget for 2013

48. The 68th meeting approved UNEP's Compliance Assistance Programme (CAP) budget for 2013 at the amount of US \$9,158,000, plus agency support costs of 8 per cent amounting to US \$732,640 for UNEP. It requested UNEP in future submissions of the CAP budget to continue providing detailed information on the activities for which the global funds would be used, to extend the prioritization of funding between CAP budget lines so as to accommodate changing priorities, and give details on the reallocations made in its budget pursuant to decisions 47/24 and 50/26. UNEP was also requested to continue reporting on the current staff post levels and to inform the Executive Committee of any changes thereto, particularly in respect of any increased budget allocations (decision 68/18).

(iv) Investment projects

49. Of the total funds approved in the period under review, the Executive Committee allocated US \$*[to be completed]*, including US \$*[to be completed]* for agency support costs, for the implementation of investment projects to eliminate an estimated quantity of *[to be completed]* ODP tonnes in consumption and production of ODS. A breakdown by sector is given in table 2 of Annex I to the present report.

50. During the period under review, the Executive Committee approved *[to be completed]* second tranches of stage I of HPMPs, together with *[to be completed]* third tranche of stage I, as well as *[to be completed]* first tranches of stage I of HPMPs (*[to be completed]* for low-volume-consuming (LVC) countries and *[to be completed]* for non-LVC countries), together with the corresponding agreements. Commitments in principle totalled US \$*[to be completed]*. Details of the amounts per country and sector can be found in table 3 of Annex I to the present report. US \$*[to be completed]*, including US \$*[to be completed]* in agency support costs, were approved during the reporting period for the tranches of these agreements.

51. The 69th meeting approved a pilot demonstration project on ODS waste management disposal at a total of US \$60,238 and a demonstration project on a regional strategy for ODS waste management disposal for the Europe and Central Asia region at a total of US \$293,694 (decisions 69/18 and 19).

(v) Non-investment activities

Institutional strengthening

52. Since the Twenty-third Meeting of the Parties, US \$*[to be completed]*, including agency support costs of US \$*[to be completed]*, have been approved for institutional strengthening (IS) projects. This brings the total approvals by the Executive Committee to US \$*[to be completed]* for IS projects in *[to be completed]* Article 5 countries. When approving funding for IS projects, the Executive Committee expressed certain views that were annexed to the reports of the respective meetings.

G. MONITORING AND EVALUATION

(i) Final evaluation report on multi-year agreement projects

53. The 69th meeting considered the final evaluation report on multi-year agreement projects and encouraged the Senior Monitoring and Evaluation Officer, the Secretariat, the implementing agencies and interested bilateral agencies to review experiences in assessing the results of activities in the refrigeration and air-conditioning servicing sectors with a view to developing an approach that could be used for future evaluations (decision 69/11(b)).

(ii) Multilateral-year agreement database for HCFC phase-out management plans

54. The 68th meeting was informed that agencies had entered data for more than half the countries in the database, which had been created using the same concept as the MYA tables for CFC data and then broadened to include more complex information. There was, however, limited information for about one third of the countries and the database had not yet been used for about 13 per cent of countries. The Secretariat, the implementing agencies and the Senior Monitoring and Evaluation Officer were requested to continue to cooperate to further enhance the user-friendliness of the electronic online reporting systems with a view to facilitating the process of submitting actual and complete information in a timely and efficient manner, with a report on the progress made being submitted to the 70th meeting (decision 68/7(b) and (c)).

(iii) Desk study on the evaluation of chiller projects

55. The 68th meeting considered an update of the previous evaluation of chiller projects and decided to 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. It requested the Secretariat to prepare annually a report on the progress of ongoing chiller projects, with the first annual report to be presented to the Executive Committee at its 71st meeting, and asked the implementing agencies to provide the Secretariat with timely information to assist it in preparing the annual report requested (decision 68/8((b), (c) and (d)).

(iv) Evaluation of methyl bromide projects

56. The final evaluation of methyl bromide (MB) projects in Africa was submitted to the 68th meeting, which took note of the information provided. The 68th meeting also requested the implementing agencies to consider the need for additional MB projects, taking into account the evaluation of the 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 (decision 68/4(b)(i)).

(v) Draft monitoring and evaluation work programme for 2013

57. The draft monitoring and evaluation work programme for 2013 submitted to the 68th meeting contained a proposal for the evaluation studies to be conducted, together with the general methodological approach and the budget required. The meeting approved the 2013 monitoring and evaluation work programme 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 of the Executive Committee (see below), and that it included the addition of US \$15,000 for the improvement of the electronic online reporting system on multi-year agreements (MYAs) (decision 68/9(b)).

(vi) Terms of reference for the desk study on the evaluation of the preparatory phase of phasing out HCFCs

58. The 69th meeting, after examining the terms of reference and expressing appreciation for the proposed case-study approach, approved the proposed terms of reference for the expanded desk study on the evaluation of the preparatory phase of phasing out of HCFCs (decision 69/12).

(vii) Tranche submission delays

59. At the 68th meeting it was noted that 23 of the 26 tranches of MYAs due for submission had been submitted to the meeting on time (decision 68/3(a)(iii)).

60. The 69th meeting noted that 14 of the 28 tranches of MYAs due for submission had been submitted to the meeting on time. It was informed that all delayed tranches were either second or subsequent tranches of stage I of the respective HPMPs and that the main reason for late submission was the failure to meet the required 20 per cent distribution threshold for the previous tranche of stage I (decision 69/13(a)(ii)).

(viii) 2012 consolidated project completion report

61. A draft report based on an analysis of 18 investment projects and 16 non-investment projects had been sent to bilateral and implementing agencies. The 68th meeting noted the schedule for PCRs due and the lessons learned and requested bilateral and implementing agencies 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 (decision 68/5).

62. The 69th meeting requested the Senior Monitoring and Evaluation Officer and the implementing agencies to agree a schedule for the submission of PCRs (decision 69/5).

(ix) 2012 consolidated multi-year agreement project completion report

63. The 68th meeting, after noting that the completion report format for completed MYA projects had been developed pursuant to decision 62/6(c) and had been noted by the Executive Committee in decision 65/6, decided to request bilateral and implementing agencies to submit MYA project completion reports to the second meeting of the Executive Committee each year (decision 68/6).

(x) Country programme implementation reports for 2011

64. The 68th and 69th meetings were informed that 65 and 81 country programme implementation reports for 2011, respectively, had been submitted through the web-based system, which had been initiated on 25 April 2007 (decisions 68/4(a)(iii) and 69/4(a)(ii)).

H. POLICY MATTERS (not already covered)

(i) Multilateral Fund Climate Impact Indicator (MCII)

65. In considering the report prepared by the Secretariat in response to decision 67/32, it was stated at the 69th meeting that the integration of the MCII into the MYA database had been useful and the implementing agencies were urged to provide data that would help validate proposals for stage II of HPMPs. In response to a suggestion that the MCII, with its link to climate change discussions, be reviewed by independent outside experts, possibly from IPCC or UNFCCC, it was explained that neither

the Executive Committee nor the Secretariat had the authority to approach other bodies of the United Nations and that such a request would need to come from the Meeting of the Parties. However, members felt that there was a need for information used and generated by the MCII to be consistent with information used in climate-related bodies of the United Nations. It was indicated that the MCII should be consistently applied either to all conversion projects or to none and that it should be kept under review as it was an evolving tool and if it remained static it might not prove useful in the long term. Experience in using the instrument was needed to remove any remaining ambiguities. The Executive Committee decided to request the Secretariat to maintain a discussion forum on the MCII to enable continued and transparent exchanges among Executive Committee members, implementing agencies and the Secretariat on the matter and to provide the next report to the last meeting of the Executive Committee in 2014 on progress made and experience gained in applying the MCII to project submissions, together with the results of an independent review to be undertaken, and to provide a progress report to the 72nd meeting. (decision 69/23).

(ii) Fund transfers and information on any interest accrued on funds held by China for stage I of its HPMP and historical implementation modalities of the Multilateral Fund

66. The 68th meeting requested the Secretariat and the implementing agencies to provide recommendations on the interest accrued on funds held by China for stage I of its HPMP and historical implementation modalities of the Multilateral Fund, identifying opportunities for providing information specifically on disbursement from China to enterprises with a table comparing the different historical implementation modalities of the Multilateral Fund, including those relating to HPMPs. The implementing agencies were requested to work with China to obtain information on any interest accrued and to offset those amounts against further funding towards subsequent tranches (decision 68/22(a) and (b)).

67. At the 69th meeting, the Executive Committee was informed that the interest accrued on funds held by China was very low as it was based on a rate of less than 0.05 per cent and the implementing agencies were awaiting further guidance from the Committee on how to formalize the process of returning interest to the Multilateral Fund. As the issue of returning interest was linked to other topics, a contact group was established to discuss the matter further and it reported that, as the condition of a minimum level of disbursement was a general issue, it should be addressed at a future meeting. The Executive Committee noted that China had stated that interest accrued could be returned to the implementing agencies or offset against future tranches. The Secretariat, in collaboration with the implementing agencies and the Treasurer, was requested to prepare a paper for consideration at the 71st meeting on options as to how funds for the HPMP in China could be disbursed as close as possible to the time when funds were needed, taking into account the relevant agreements between the Executive Committee and the Treasurer, the Executive Committee and the implementing agencies, and between the Government of China and the implementing agencies. The meeting requested implementing agencies to report on interest provided by China on funds transferred for the HPMP in the tranche implementation reports and urged the implementing agencies and the Treasurer to reach an agreement with the Fund Secretariat on how to record disbursement for the implementation modality, including means of returning balances used for stage I of the HPMP for China and similar projects, in the Fund's annual progress and financial reports and the accounts of the Fund, and to report back to the 70th meeting. Lastly, the Secretariat was encouraged to consider options to ensure that the level of funding for the first year of stage II would meet the 20 per cent disbursement threshold and that subsequent tranches were considered in light of the need for cash and the likelihood of reaching the disbursement threshold (decision 69/24).

(iii) Operation of the Executive Committee

68. The 69th meeting considered the option of holding only two Executive Committee meetings per year on the basis of the current status of policies and guidelines, the status of approvals of HPMPs and the foreseen future workload of the Committee. Support was expressed for holding two meetings a year in 2014 on a trial basis, given the foreseen workload, the savings involved and the additional time that would be available for project implementation. Unless there were additional decisions by the Meeting of the Parties with implications for the Executive Committee, the Committee's workload would be less than it had been in previous years, although attention was also drawn to the approaching 2015 control measures and to the work involved in preparing stage II of HPMPs. Some concern was expressed about the proposed intersessional approval procedure for projects with no outstanding issues and listed by the Secretariat for blanket approval, and attention was drawn to the potential difficulties of internal coordination among members' delegations in examining projects intersessionally. In considering a proposal to move to a two-meeting scenario without any intersessional approval procedure, Committee members felt that they did not have sufficient information on the implications of such a process for the Secretariat, the implementing agencies, the Executive Committee and on the implementation of activities to be able to conclude on the matter. The Executive Committee therefore decided to request the Secretariat to prepare an analysis of the implications of holding only two meetings a year without any intersessional approval procedure for consideration by the Executive Committee at its 70th meeting (decision 69/25).

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

69. The 68th meeting took note of a report 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. The Secretariat presumed that when projects were submitted by implementing agencies they had already been endorsed by the governments concerned, but as it had some 6,500 projects in its database and progress reports pertaining to many of them were frequently received, it would entail significant work to ensure that there had been government approval for each report received by the Secretariat.

I. FUND SECRETARIAT ACTIVITIES

70. During the period under review, the Fund Secretariat had taken action pursuant to the decisions taken by the Executive Committee at its 68th, 69th [and 70th] meetings. It had also prepared documentation and provided conference services for the 68th, 69th [and 70th] meetings. Proposals for projects and activities from implementing agencies and bilateral partners had been submitted amounting to US \$[*to be completed*]. In addition to the documents customarily prepared for Executive Committee meetings, the Secretariat had also prepared documents, *inter alia*, on the policy matters referred to above.

71. The Secretariat had analysed and reviewed [*to be completed*] funding requests and provided comments and recommendations for the Executive Committee's consideration. The requested level of funding, following project review, for approval at the 68th, 69th [and 70th] meetings amounted to US \$[*to be completed*].

J. MATTERS RELATING TO THE MEETING OF THE PARTIES

72. Annex III contains a table showing the amount of HCFC-141b consumption phased in through projects using HCFCs as a replacement. This is in response to Executive Committee decision 36/56(e), which states, *inter alia* "That the annual Executive Committee report to the Meeting of the Parties should

state by country the amount of HCFC-141b consumption phased in through projects using HCFC as replacement, a consumption which would – in application of decision 27/13 – be excluded from funding at future stages”.

K. REPORTS OF THE EXECUTIVE COMMITTEE

73. The reports of the 68th meeting (UNEP/OzL.Pro/ExCom/68/53), the 69th meeting (UNEP/OzL.Pro/ExCom/69/40) [and the 70th meeting (UNEP/OzL.Pro/ExCom/70/....)] and their meeting summaries have been distributed to all Parties to the Montreal Protocol. The reports of those meetings and previous Executive Committee meetings are available from the Fund Secretariat on request or can be accessed at the web site of the Fund Secretariat (www.multilateralfund.org).

Annex I

REPORT ON THE RECOMMENDATIONS IN THE 2012 EVALUATION AND REVIEW OF THE FINANCIAL MECHANISM OF THE MONTREAL PROTOCOL

A. Introduction

1. This report is submitted by the Executive Committee pursuant to the following decision of the Meeting of the Parties:

“To request the Executive Committee of the Multilateral Fund, within its mandate, to consider the report on the 2012 evaluation of the financial mechanism of the Montreal Protocol, as appropriate, in the process of continuously improving the management of the Multilateral Fund” (decision XXIV/11).

2. Document UNEP/OzL.Pro/ExCom/69/38, submitted to the 69th meeting, set out the actions taken by the Multilateral Fund to address the Parties’ recommendations, document that has been updated in this annex to reflect further actions taken by the Committee at its 69th and [70th] meetings. Many of the recommendations in the evaluation have been or are already being addressed.

B. Recommendations

Results Achieved

Encourage Article 5 countries to submit remaining stage I HCFC phase-out management plans (HPMPs) as soon as possible and begin implementing strategies in approved stage I HPMPs without delay

3. At its 68th meeting, the Executive Committee decided to request "the implementing agencies to include in their 2013-2015 business plans stage I of the HCFC phase-out management plans (HPMPs) for the following countries that had not yet submitted their HPMPs: Barbados, Botswana, Libya, Mauritania, South Sudan and Tunisia" (decision 68/4(b)(ii)).

4. The Executive Committee at its 69th meeting decided:

- (c) (iii) To remove the HCFC phase-out management plan for the Democratic People’s Republic of Korea from the business plans of UNIDO and UNEP;
- (e) To postpone the inclusion of the HPMPs for Libya and Tunisia in UNIDO’s business plan to 2014;
- (g) To request a bilateral or implementing agency to include funding for stage I of the HPMP for Botswana in its business plan;

Encourage the Executive Committee to approve project preparation funding for stage II HPMPs as early as possible

5. At its 66th meeting, the Executive Committee decided "to request the Fund Secretariat, in cooperation with the implementing agencies, to prepare guidelines for stage II of HCFC phase-out management plan preparation in the light of any comments raised during the meeting, including options for phase-out up to the 2020 control target and for total phase-out in accordance with the Montreal

Protocol schedule, and to present a first draft of such guidelines to the 69th meeting of the Executive Committee".

6. Draft guidelines for funding the preparation of stage II of HCFC phase-out management plans (decision 66/5) were included in the agenda of the 69th meeting of the Executive Committee but taking into account the report of the convenor of the contact group on this item who indicated that a number of issues had been discussed and although progress had been made, there had been insufficient time to reach agreement on the draft guidelines, the Committee decided to defer consideration of the draft guidelines for funding the preparation of stage II of the HCFC phase-out management plans, as amended at the 69th meeting of the Executive Committee, to the 70th meeting (decision 69/22(a)). The draft guidelines are for consideration of the 70th meeting as agenda item 9 of the provisional agenda for the meeting.

Ramp up efforts to phase out methyl bromide in order to meet the 2015 milestone

7. The Executive Committee decided to request "the implementing agencies to consider the need for additional methyl bromide (MB) projects, taking into account the evaluation of the MB projects contained in document UNEP/OzL.Pro/ExCom/68/11, 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" (decision 68/4(b)(i)). The Executive Committee at its 69th meeting further reiterated to the implementing agencies the need for additional MB projects in Algeria, Argentina, China, Congo (the), Democratic Republic of the Congo (the), Nigeria, Sudan, Swaziland, Tunisia and Turkey that had partial MB phase-out projects or were exempted from complying with the MB controls pursuant to Decision XV/12 of the Meeting of the Parties (decision 69/4(b)(v)).

Organizational Effectiveness and Decision-Making Processes

Review and streamline reporting requirements given the new complexity of HPMPs and other multi-year agreements (MYAs)

8. The Executive Committee decided:

"(b) To request:

- (i) That, as of the 67th meeting of the Executive Committee, the information currently required for the agenda item "Report on implementation of approved projects with specific reporting requirements" be reported, together with compliance issues, in an agenda item and document to be entitled "Status reports and compliance", which would replace the document and agenda item currently entitled "Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol";
- (ii) That the information on multi-year agreements (MYAs) in the remarks column of the Annual Progress and Financial Report (APF) should be included in the narrative of the tranche implementation plan (TIP), with any differences explained;
- (iii) That TIP reports were not required in the absence of a funding tranche request, except in those cases where there was an issue on the application of the penalty clause or changes to targets in approved TIPs;

- (iv) That agencies submit MYA project completion reports (PCRs) as noted at the 65th meeting in decision 65/6 and any available verification reports, together with the table entitled "Overall implementation plan and annual implementation report" (Table 8) of the approved MYA PCR format, in lieu of TIPs and TIP reports, for: refrigerant management plans, terminal phase out management plans, national phase out plans for CFC, CTC and methyl bromide and, in the event that a verification report was completed before a PCR, to submit the verification in the context of a status report or APF;
- (v) UNEP to present its detailed annual progress report on Compliance Assistance Programme (CAP) activities to the third meeting of each year in the context of the annual CAP approval, and to identify any project implementation impediments for the CAP project in the APF;
- (c) To review the effectiveness of the present decision at its first meeting in 2015; and
- (d) That one of the two remarks columns in the APF would be used to report the latest non financial data available related to projects" (decision 66/16).

Impact of the streamlining of reporting

9. The Executive Committee noted at its 67th meeting "the significant reduction in reporting resulting from the streamlining decision to date including the elimination at this meeting of 81 tranche implementation plan reports for 81 non-HCFC multi-year agreements (MYAs), and the elimination of 96 tranche implementation plan reports for HCFC phase-out management plans (HPMPs) in 62 countries [...]" (decision 67/5(a)(iv)).

Improve the accessibility and consistency of guidance on HPMP preparation

10. To improve the accessibility and consistency of guidance on HPMP preparation, the Secretariat has prepared a template that is included in decision 56/16. Further, the Secretariat prepared in July 2010, "A guide for the preparation of HCFC phase-out management plans". As experience was gained from the initial reviews and more time allocated to coordinating the reviews based on the initial concerns, consistency has improved.

Evaluate the quality of HPMP preparation

11. The Executive Committee decided at its 68th meeting "to approve the 2013 monitoring and evaluation work programme 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 of the Executive Committee [...]" (decision 68/9(b)). At its 69th meeting, the Executive Committee approved the proposed terms of reference for the expanded desk study on the evaluation of the preparatory phase of phasing out HCFCs as contained in document UNEP/OzL.Pro/ExCom/69/13 (decision 69/12).

Information dissemination and capacity-building activities

Consider future availability of institutional strengthening funding, especially for low-volume-consuming (LVC) countries

12. The Sixty-first Meeting of the Executive Committee decided inter alia to maintain funding for institutional strengthening (IS) support at current levels, and to renew IS projects for the full two-year period from the 61st meeting, taking into account decisions 59/17 and 59/47(b) that allowed Article 5 Parties to submit their IS projects as stand-alone projects or within their HCFC phase-out management plans, and to review continued IS funding at those levels at the first meeting of the Executive Committee in 2015 (decision 61/43(b)).

Effectiveness of technology transfer

Consider systematically tracking technology transfer

13. The Inventory of Approved Projects (database) provides all of the technological information for projects approved by the Executive Committee. Technology information for MYAs is also included in the MYA format (database), and the continuous tracking of the alternative technology implemented and possible changes during the implementation of the project is currently being introduced into the MYA format.

14. The Executive Committee has taken the following decisions with respect to recording technologies and technology changes. At its 20th meeting, the Executive Committee, having noted the statement that there was a presumption that projects would be implemented as approved, but that technology was evolving rapidly and some degree of flexibility might be required in exceptional cases, decided:

- (a) That the Implementing Agencies should exceptionally be allowed to propose changes in the technology approved by the Executive Committee for particular projects;
- (b) That adequate and detailed justification should be provided for any changes proposed (decision 20/8).

15. At its 22nd meeting, the Executive Committee decided to adopt the following guidelines:

- (a) There is a presumption that the technology selected in all projects will be mature and that the projects will be implemented as approved;
- (b) For projects approved after the adoption of these guidelines:
 - (i) Projects are to be implemented as approved;
 - (ii) Exemptions will be considered in the following circumstances:
 - a. The only other option would be cancellation of the project; or
 - b. The project approved is for conversion to a transitional technology, and the revised proposal is for conversion in a single step to non-transitional technology;

- (iii) Such proposals will be submitted to the Executive Committee for individual consideration, together with the Secretariat's review and recommendations;
 - (iv) The revised proposals will be implemented within the level of funding already approved;
- (c) For projects first approved before the adoption of these guidelines:
- (i) Recognizing that there have been delays in project implementation, with possible implications for technology choice, proposals for change in technology of projects approved before adoption of these guidelines may be submitted; the revised project must be implemented within the level of funding already approved. The new proposal must demonstrate that the impediments to implementation of the project have been overcome and that implementation will commence immediately upon clearance of the proposal;
 - (ii) Where the change in technology has no other significant policy implications, the proposal may proceed on the basis of agreement between the Secretariat and the Implementing Agency, including agreement on the extent of savings to be realized, if any. The Executive Committee is to be informed at its next meeting;
 - (iii) Where the condition in guideline (c)(ii) above is not met, the project will be submitted to the Executive Committee for consideration of the relevant issues (decision 22/69).

16. At its 33rd meeting, the Executive Committee decided to request that, in accordance with the relevant guidelines, the funding received be partly or fully returned to the Multilateral Fund in cases where technology was changed without informing the Secretariat and without approval by the Executive Committee (decision 33/2).

17. The current HPMP Agreement template between the Governments and the Executive Committee includes a paragraph which allows for technology transfer under specific conditions:

- "(c) Should the Country decide during implementation of the agreement to introduce an alternative technology other than that proposed in the approved HPMP, this would require approval by the Executive Committee as part of an Annual Implementation Plan or the revision of the approved plan. Any submission of such a request for change in technology would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable. The Country agrees that potential savings in incremental costs related to the change of technology would decrease the overall funding level under this Agreement accordingly;"

Cooperation with other organizations

Pursue climate, Persistent Organic Pollutants (POPs), and ozone synergies and linkages to further the ozone agenda

Premium for low global-warming potential (GWP) alternatives

18. At its 60th meeting, the Executive Committee decided inter alia that funding of up to a maximum of 25 per cent above the cost effectiveness threshold will be provided for projects when needed for the introduction of low-GWP alternatives (decision 60/44(f)(iv)).

Multilateral Fund climate impact indicator (MCII)

19. The 67th meeting of the Executive Committee decided "(b) to request the Secretariat to finalize the development of the Multilateral Fund climate impact indicator (MCII) for the different sectors as outlined in document UNEP/OzL.Pro/ExCom/67/34 and in light of the comments received prior to and during the 67th meeting of the Executive Committee; (c) to request the Secretariat to present a fully developed version of the MCII to the Executive Committee no later than its 69th meeting, and to propose options for its further implementation; and (d) to request the Secretariat to inform the Executive Committee of the progress made and experience gained in applying the MCII to project submissions no later than its 70th meeting" (decision 67/32). At its 69th meeting, the Executive Committee noted the MCII report submitted by the Secretariat and decided (b) to request the Secretariat to maintain a discussion forum on the MCII to enable continued and transparent exchanges among Executive Committee members, implementing agencies and the Secretariat on the matter; (c) to further request the Secretariat to provide the next report to the last meeting of the Executive Committee in 2014 on progress made and experience gained in applying the MCII to project submissions, as well as the results of an independent review to be undertaken, and to provide a progress report to the 72nd meeting; and (d) to include in the report of the Executive Committee to the Meeting of the Parties information on the MCII, its envisioned link to climate change, and the need for that information to be consistent with information used in climate-related bodies of the United Nations (decision 69/23).

POPs and ozone synergies with other environmental objectives

20. At its 54th meeting, the Executive Committee adopted guidelines for stage I HPMP project preparation that included inter alia that:

- "(g) HPMPs should contain cost information at the time of their submission based on and addressing: [...]
- (v) Cost and benefit information based on the full range of alternatives considered, and associated ODP and other impacts on the environment including on the climate, taking into account global-warming potential, energy use and other relevant factors;
- (h) Countries and agencies were encouraged to explore potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties" (decision 54/39).

21. The Executive Committee adopted Interim guidelines for funding of demonstration projects for the disposal of ODS that included the following provisions addressing synergies. At its 58th meeting, the Executive Committee decided that:

- "(iv) Bilateral and implementing agencies are requested, when submitting activities for funding that are related to the disposal of ODS, to provide:
- a. in the case of requests for project preparation funding: [...]
 - ii. an indication whether disposal programmes for chemicals related to other multilateral environmental agreements are presently ongoing in the country or planned for the near future, and whether synergies would be possible [...]
 - b. in the case of project submissions: [...]
 - iii. a clear indication how the project will secure other sources of funding; these other sources of funding should be available, at least partially, before the end of 2011. In case of activities of the collection type, any other sources of funding necessary in line with sub-paragraph (iv) a. iv. above related to collection would need to be secured before the project is submitted to the Executive Committee [...]" (decision 58/19(a)).

22. At its 63rd meeting, the Executive Committee approved US \$198,000 for an ODS destruction project in Ghana on the understanding that it would be matched with an Energy Efficiency project with the Global Environment Facility (decision 63/27(b)).

23. At its 68th meeting, the Executive Committee decided to approve the 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 (the), Congo, and Guinea) at the level of funding of US \$80,000, plus agency support costs of US \$10,400 for the Government of France, in line with decision 67/38; on the understanding that: [...]

- (b) UNIDO and the Government of France were encouraged to ensure that the final report and strategy included the following information: [...]
 - (iii) Synergies with other conventions dealing with chemicals (Stockholm Convention on Persistent Organic Pollutants) (decision 68/13).

24. An ODS destruction project in Georgia for US \$60,238 that has synergies with POPs was approved by the Executive Committee at its 69th meeting (decision 69/18).

25. At its 19th meeting, the Meeting of the Parties agreed to accelerate the phase-out of production and consumption of hydrochlorofluorocarbons (HCFCs), by way of an adjustment in accordance with paragraph 9 of Article 2 of the Montreal Protocol and as contained in annex III to the report of the Nineteenth Meeting of the Parties, on the basis of the following inter alia:

- (9) To encourage Parties to promote the selection of alternatives to HCFCs that minimize environmental impacts, in particular impacts on climate, as well as meeting other health, safety and economic considerations;

- (11) To agree that the Executive Committee, when developing and applying funding criteria for projects and programmes, and taking into account paragraph 6, give priority to cost effective projects and programmes which focus on, inter alia:
 - (a) Phasing-out first those HCFCs with higher ozone-depleting potential, taking into account national circumstances;
 - (b) Substitutes and alternatives that minimize other impacts on the environment, including on the climate, taking into account global-warming potential, energy use and other relevant factors;
 - (c) Small and medium size enterprises;
- (15) In accelerating the HCFC phase out, to agree that Parties are to take every practicable step consistent with Multilateral Fund programmes, to ensure that the best available and environmentally-safe substitutes and related technologies are transferred from Article 2 Parties to Article 5 Parties under fair and most favourable conditions (decision XIX/6, paras. 9, 11, and 15).

Annex II**TABLES WITH DATA ON PROJECT APPROVALS***[to be completed]***Table 1: Sectoral distribution of phase-out in all approved projects and activities since inception***

Sector	ODP approved	ODP phased out
Consumption		
Aerosol		
Destruction		
Foam		
Fumigant		
Halon		
Multi-sector		
Other		
Process agent		
Phase-out plan		
Refrigeration		
Several		
Solvent		
Sterilant		
Total Consumption		
Production		
CFC		
Halon		
CTC		
TCA		
MBR		
Total Production		

* Excluding cancelled and transferred projects

Table 2: Sectoral distribution of approved investment projects since inception*

Sector	ODP tones	US \$ approved
Aerosol		
Destruction		
Foam		
Fumigant		
Halon		
Multi-sector		
Other		
Process agent		
Phase-out plan		
Production		
Refrigeration		
Solvent		
Sterilant		
Total		

* Excluding cancelled and transferred projects

Table 3: HPMPs approved during the reporting period

Country	To be implemented by	Total phase-out ODP tonnes	Funding approved in principle (US \$)				
			Project funds	Support costs	Total		
Stage I, first tranche							
LVC countries							
Barbados	UNEP						
	UNIDO						
Ethiopia	UNEP						
	UNIDO						
Haiti	UNEP						
	UNDP						
Myanmar	UNEP						
	UNIDO						
Uganda	UNEP						
	UNIDO						
Non-LVC countries							
Bahrain	UNEP						
	UNIDO						
Peru	UNDP						
	UNEP						
Philippines	UNEP						
Saudi Arabia	UNIDO						
	UNEP						
Thailand	World Bank						
	Japan						
Turkey	UNEP						
	UNIDO						
Yemen	UNEP						
	UNIDO						
Stage I, second tranche							
Brazil	UNDP						
	Germany						
China	UNDP						
	UNEP						
	UNIDO						
	World Bank						
	Japan						
	Germany						
China, extruded polystyrene foam sector plan	UNIDO						
	Germany						

Cuba	UNDP				
Egypt	UNDP				
	UNIDO				
Guatemala	UNIDO				
	UNEP				
Islamic Republic of Iran	UNDP				
	UNIDO				
	Germany				
	UNEP				
Mexico	UNIDO				
	UNDP				
Saint Lucia	UNEP				
	UNIDO				
Stage I, third tranche					
Bolivarian Republic of Venezuela	UNIDO				
	UNEP				

Annex III*[to be completed]***AMOUNTS OF HCFCs¹ CONSUMPTION PHASED-IN (ODP TONNES)**

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Algeria		
Argentina		
Bahrain		
Bolivia		
Bosnia and Herzegovina		
Brazil		
Chile		
China		
Colombia		
Costa Rica		
Cuba		
Dominican Republic		
Egypt		
El Salvador		
Guatemala		
India		
Indonesia		
Iran		
Jordan		
Kenya		
Lebanon		
Libya		
Malaysia		
Mauritius		
Mexico		
Morocco		
Nicaragua		
Nigeria		
Pakistan		
Panama		
Paraguay		
Peru		
Philippines		
Romania		
Serbia		
Sri Lanka		
Sudan		
Syria		
The former Yugoslav Republic of Macedonia		
Thailand		
Tunisia		
Turkey		
Uruguay		
Venezuela		
Vietnam		
Yemen		
Zimbabwe		
Total		

Note 1: ODP values as follows:

HCFC-123:	0.02
HCFC-22:	0.055
HCFC-141b:	0.11