



**MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

**Post Meeting Summary of the 72nd Meeting of the Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol**

Introduction

The 72nd meeting of the Executive Committee, which took place in Montreal, Canada from 12 to 16 May 2014, was attended by the representatives of 14 of the Executive Committee member Parties and by participants co-opted from 20 other countries (see attached list). Mr. Premhans Jhugroo of Mauritius presided over the meeting as Chair of the Executive Committee in 2014. Representatives of the Ozone Secretariat, implementing agencies, UNEP as the Treasurer, a representative of the Global Environment Facility (GEF), the Co-Chair of the Technology and Economic Assessment Panel (TEAP) and three members of the TEAP's Replenishment Task Force, and representatives from the Alliance for Responsible Atmospheric Policy and the Environmental Investigation Agency also attended the meeting.

The agenda for the 72nd meeting reflected the fact that only two meetings were scheduled for 2014 on a trial basis, and included an update on the implementation of the business plan of the Multilateral Fund and cash flow availability, tranche submission delays, the consolidated project completion reports (PCRs) of multi-year agreements (MYAs), the MYA database report, and status reports and compliance. Project proposals considered for funding included projects and activities for stage I and stage II of HCFC phase-out management plans (HPMPs), the second tranche of the HCFC production phase-out management plan (HPPMP) for China, preparation of stage II of HPMPs, and a number of other projects including requests for institutional strengthening (IS) funding. Also addressed were the revised monitoring and evaluation work programme for 2014 and the final report of the evaluation of metered-dose inhaler projects.

Several important policy documents were also on the agenda including the criteria for funding the HCFC consumption phase-out in stage II of HPMPs, key considerations to minimize adverse climate impact in the refrigeration servicing sector, additional activities to maximize climate benefits in the HCFC production sector, and reports on approved HCFC demonstration projects and options for additional projects to demonstrate climate-friendly and energy-efficient alternative technologies to HCFCs, and the Multilateral Fund climate impact indicator (MCII). Several policy issues identified during the project review process were also addressed, including submission of verification reports of national ODS consumption targets; retrofit of existing HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants; requests for preparatory funding for stage II of HPMPs; submission of stage II of an HPMP when the country concerned has an ongoing stage I; and fund disbursement threshold for tranches of HPMPs. The agenda also included the disbursement of funds for the HPMP for China, the accounts of the Multilateral Fund, and the revised budgets of the Fund Secretariat. The Sub-group on the Production Sector was also reconvened and met in the margins of the meeting to discuss a number of matters including the draft HCFC production sector guidelines.

The Committee took a total of 45 decisions and approved investment projects and work programme activities for 52 countries with a value of just over US \$38.42 million plus US \$2.43 million in support costs for bilateral and implementing agencies.

Tribute to Mr. Nandan Chirmulay

The meeting held a minute of silence to honour the passing away of Mr. Nandan Chirmulay, a valued colleague, friend and member of the Montreal Protocol community.

Status of contributions and disbursements (decision 72/1)

As at 11 May 2014, the balance of the Multilateral Fund stood at US \$76,178,078 of which US \$40,676,330 was in cash and US \$35,501,748 in promissory notes. Almost 25 per cent of pledges for 2014 had been paid and the balance on the gain from the fixed-exchange-rate-mechanism stood at US \$19.55 million. The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible, and urged one Party to continue to consider the accelerated encashment of its promissory notes during the replenishment period. The Treasurer was also requested, in consultation with the Fund Secretariat, to continue the discussion with the Holy See and the Government of Kazakhstan on their respective outstanding contributions to the Multilateral Fund and to report back to the 73rd meeting.

Status of resources and planning

Report on balances and availability of resources (decision 72/2)

Bilateral and implementing agencies returned funding and support costs of US \$6,612,629 against completed projects and projects subject to decisions 70/7(b)(ii) and (iii), and 71/11(b), to the Multilateral Fund. The Executive Committee requested implementing agencies with projects completed over two years previously to return the balances as soon as possible, and UNEP to return all unobligated balances to the 73rd meeting.

Update on the implementation of the 2014-2016 business plan of the Multilateral Fund and cash flow availability (decision 72/3)

The Executive Committee noted the remaining activities required/not required for compliance in the 2014-2016 business plan of the Multilateral Fund together with the corresponding value in monetary and ODP terms of each activity (decision 72/3(a)).

Regarding cash flow availability, the unused balances returned to the Multilateral Fund at the 72nd meeting, were sufficient to offset shortfalls in contributions and interest. The Secretariat would continue to monitor cash flow availability in the update on the implementation of the 2014-2016 business plan to be submitted to the 73rd meeting (decision 72/3(b)).

Tranche submission delays (decision 72/4)

Forty-eight out of 73 activities related to tranches of HPMPs that were due for submission to the 72nd meeting had been submitted on time and one had been subsequently withdrawn following discussion with the Secretariat. There was no indication that any of the 20 countries with delayed tranches of HPMPs or stage I of HPMPs would be in non-compliance with the 2013 freeze on HCFC consumption and the Secretariat would send letters to the countries concerned.

Programme implementation

Monitoring and evaluation (decisions 72/5 to 72/8)

The Executive Committee noted the 2014 consolidated PCR of MYAs and requested bilateral and implementing agencies concerned to submit to the 73rd meeting the backlog of MYA PCRs. The Committee also invited all those involved in the preparation and implementation of MYA projects to take into consideration the lessons learned¹ from MYA PCRs when preparing and implementing future projects (decision 72/5).

The Executive Committee noted the report on the MYA database and requested bilateral and implementing agencies to add the missing information pertaining to approved multi-year projects² to the MYA database no later than eight weeks prior to the 73rd meeting. Bilateral agencies not directly involved in project implementation could request the implementing agencies to report the information required on their behalf (decision 72/6).

The Executive Committee noted the report on evaluation of projects for the conversion of CFC-based metered dose inhalers to CFC free technologies³ (decision 72/7).

The monitoring and evaluation work programme for the year 2014 was approved at a budget of US \$148,700, including US \$119,700 for the desk study of and field visits related to the evaluation of HCFC phase-out projects in the foam sector (decision 72/8).

Status reports and compliance

Country programme implementation (decision 72/9)

The Executive Committee considered the document on status reports and compliance⁴, and noted that 89 country programme (CP) implementation reports for the year 2012 had been submitted through the web-based system. UNEP and UNIDO were requested to provide updates to the 73rd meeting, on the establishment of licensing systems in three countries (UNEP for Botswana and South Sudan, and UNIDO for Libya).

The Executive Committee requested relevant implementing agencies to provide an update, by the 73rd meeting, on the action taken by four countries to include the accelerated HCFC control measures agreed in 2007 in their licensing and/or quota systems (namely, the Plurinational State of Bolivia, Kiribati, Mauritania and Tuvalu), and also requested the submission of additional status reports to the 73rd meeting on 27 projects to monitor specific issues such as the low levels of disbursement, the signing of project documents, closing of a project and the return of fund balances.

¹ The lessons learned are described in the consolidated PCR of MYAs (document UNEP/OzL.Pro/ExCom/72/7) and concern project implementation, alternative technology, capacity building and training, environmental issues, implementation of sub-projects, cooperation amongst stakeholders, government commitment, import control, policy and regulatory framework, supervision and monitoring of projects, and public awareness

² Entries in the MYA database should be updated shortly after the approval of an HPMP to reflect the approved and planned activities for the whole HPMP and the relevant annual implementation plans up to and including the year of the next tranche submission (decision 63/61(d))

³ Document UNEP/OzL.Pro/ExCom/72/9

⁴ Document UNEP/OzL.Pro/ExCom/72/11 and Corr.1

HCFC demonstration projects (decisions 72/10 to 72/12)

The Executive Committee noted the final reports of two demonstration projects in China, one for HFC-32 technology in the manufacture of small-sized commercial air-source chillers/heat pumps, and the other for conversion from HCFC-22 technology to ammonia/CO₂ technology in the manufacture of two-stage refrigeration systems for cold storage and freezing applications. Bilateral and implementing agencies were requested to consider the reports together with information on other alternatives to HCFCs, when assisting Article 5 countries in preparing projects for similar conversions (decisions 72/11 and 72/12).

UNIDO would submit the final report on a demonstration sub-project for conversion from HCFC-22 to propane to the 73rd meeting (decision 72/10).

Reports on other approved projects (decisions 72/13 to 72/16)

The Executive Committee considered a number of other reports on the implementation of approved projects with reporting requirements including the financial audit for the halon, CFC production, and foam sector plans in China, the national CFC phase-out management plan in the Philippines, the HPMP for Nigeria, and the national CFC phase-out plan for the Islamic Republic of Iran. The Committee made a number of requests to follow up on specific issues.

Project proposals

Policy issues (decisions 72/17 to 72/24)

Retrofit of existing HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants (decision 72/17)

Decisions approving HPMPs, tranches, projects or activities that proposed the retrofit of HCFC-based refrigeration and air conditioning equipment to flammable or toxic refrigerants would include a text stating that the Executive Committee notes that, if the country engages in retrofitting HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants and associated servicing, it does so on the understanding that it assumes all associated responsibilities and risks.

Completeness of IS submissions

The Executive Committee discussed the importance of reports on past activities and future plans of actions in the requests for the IS project renewals and that such reporting should make it possible to account for all the funds spent and so ensure that the projects were properly managed and implemented.

Priorities regarding the preparation of stage II of HPMPs (decision 72/18)

On the issue of funds requested for project preparation for stage II of HPMPs, the Executive Committee felt that clearer justification for all requests should have been provided including, further preparation funds for a sector in stage II that had been included in stage I, and whether the funds provided in stage I had been returned to the Fund. It was also unclear whether the request for additional preparatory funds was linked only to meeting the 2020 compliance targets or beyond 2020. It was reiterated that future requests should be submitted according to the guide prepared by the Secretariat in order to facilitate the Secretariat's review of the projects.

The Executive Committee reminded bilateral and implementing agencies and Article 5 countries to prioritize the phase-out of HCFC 141b and compliance with the 2020 target when requesting and using project preparation funds for projects in non-low-volume-consuming (LVC) countries.

Submission of verification reports of national consumption targets together with tranches of HPMPs submitted to the first meeting of the year (decision 72/19)

Lead bilateral and implementing agencies submitting HPMP tranche requests to the first meeting of the year were encouraged to include a verification report of national consumption targets for the year immediately preceding the year in which the tranche was submitted. If the verification reports were not ready in time for the first meeting of the year, the transfer of any approved funds for tranches to the bilateral and implementing agencies would occur only after receipt by the Secretariat of the verification report confirming that, in the year immediately preceding the tranche request, the country had been in compliance with the Montreal Protocol and the Agreement between its Government and the Executive Committee.

Application of the administrative cost regime for HPMPs approved at the 66th meeting (decision 72/20)

The administrative cost regime set out in decision 67/15 would be applied to the second and subsequent tranches of HPMPs approved at the 66th meeting.

ODS disposal demonstration projects withdrawn from the 72nd meeting (decision 72/21)

The Executive Committee allowed, on an exceptional basis, the pilot demonstration project for ODS disposal in Lebanon to be resubmitted to the 73rd meeting on the condition that the project proposal would fully meet all of the criteria in the ODS destruction guidelines established by decision 58/19, and that exporting ODS for destruction be included as an option within the proposal. It decided not to allow the re-submission of the regional ODS waste management project for Asia and the Pacific to the 73rd meeting.

Verification reports of national consumption targets for LVC countries (decision 72/22)

Relevant bilateral and implementing agencies were requested to include in their respective work programme amendments for submission to the 73rd meeting funding for verification reports on national consumption targets of HPMPs for Angola, Armenia, Bhutan, Burundi, Cambodia, Chad, Guatemala, Haiti, Honduras, Lesotho, Maldives, Myanmar, Namibia, Nicaragua, Papua New Guinea, Paraguay, and the Republic of Moldova.

Submission of stage II of an HPMP with stage I currently ongoing (decision 72/23)

The Executive Committee would consider at its 73rd meeting, the issue of how to formulate an agreement for stage II of an HPMP when there was an overlap with the stage I.

Fund disbursement threshold for tranches of HPMPs (decision 72/24)

The Secretariat would continue assessing different modalities for the fund disbursement threshold for tranches of HPMPs and inform the Executive Committee of the results of this analysis no later than the first meeting in 2015. The Secretariat would continue to use the 20 per cent disbursement threshold as a requirement for the approval of tranches of HPMPs and, on an exceptional basis, bilateral and implementing agencies would be allowed to submit information on disbursements related to tranches

submitted to the 73rd and 74th meetings up to six weeks prior to these meetings.

Project proposals (decisions 72/25 to 72/37 and decision 72/45(b))

The Executive Committee approved 120 investment projects and work programme activities in 52 countries at a total value of US \$40,852,059 (US \$38,421,706 plus support costs of US \$2,430,353). This amount includes that approved for the 2014 tranche of the HPPMP for China (see decision 72/45 under the section on the “Production sector”).

Phase-out of HCFCs

Stage I of the HPMP for Tunisia was approved in principle for the period 2014 to 2018 at a total amount of US \$1,966,209 (including support costs) bringing the total number of Article 5 countries with an approved stage I of their HPMPs to 139⁵. The Committee also approved funding of US \$735,564 (including support costs) for the first tranche of stage I of the HPMP for Tunisia, and the second, third or fifth tranches of HPMPs or stage I of HPMPs for 15 other countries⁶.

The Executive Committee also approved a total of US \$4,038,640 (including support costs) for the preparation of stage II of HPMPs for 18 countries⁷.

Other projects

Other projects approved included the extension of IS projects for 23 countries⁸, the final tranches of national phase-out of methyl bromide (MB) in the consumption sector for China and Viet Nam, the pilot demonstration projects on ODS waste management and disposal for Algeria and Brazil, and project preparation in the fumigants sector (high-moisture dates) in Algeria.

Deferred and withdrawn projects

The fourth tranche of the sector plan for the phase-out of MB production in China, and the corresponding 2014-2015 tranche implementation plan, were deferred to the 73rd meeting. The Government of China would continue to use existing balances to undertake activities for the phase-out of MB production (decision 72/29).

The proposal for stage II of the HPMP for Mexico was discussed. The Executive Committee noted with appreciation that the proposal was cost effective, well-crafted, and that Mexico had formulated and submitted it without having received any funding to prepare stage II of the HPMP. However the Executive Committee deferred the proposal to the 73rd meeting and requested the Government of Mexico, the Secretariat and UNIDO to finalize the draft Agreement and on an exceptional basis approved US \$40,000, excluding agency support costs, in order to optimize the aerosol sector plan

⁵ Only six countries do not have an approved stage I of an HPMP: Botswana, the Democratic People’s Republic of Korea, Libya, Mauritania, South Sudan, and Syrian Arab Republic.

⁶ Afghanistan, Angola, Bolivia (Plurinational State of), Bosnia and Herzegovina, China, Colombia, Georgia, Ghana, Guinea, Iran (Islamic Republic of), Kenya, Kyrgyzstan, Mauritius, Saudi Arabia, and the former Yugoslav Republic of Macedonia

⁷ Brazil, Colombia, Dominican Republic (the), India, Indonesia, Iran (Islamic Republic of), Kyrgyzstan, Lebanon, Malaysia, Nigeria, Pakistan, Panama, Republic of Moldova (the), Sudan, Timor Leste, Uruguay, Venezuela (Bolivarian Republic of), and Viet Nam

⁸ Albania, Bahamas (the), Belize, Cook Islands (the), Dominica, Egypt, Fiji, Gambia (the), Ghana, India, Iran (Islamic Republic of), Lao People's Democratic Republic (the), Malawi, Maldives, Micronesia, Nauru, Nepal, Paraguay, Republic of Moldova (the), Sri Lanka, Tanzania, Tuvalu, and Vanuatu

proposal to explore options to further reduce its climate impact (decision 72/37).

Disbursement of funds for the HPMP for China (decision 72/38)

The Secretariat, in collaboration with the implementing agencies and the Treasurer, would consider the options on the timing of the disbursement of funds under stage II of the HPMP for China and provide a report on the matter to the 73rd meeting.

Criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 72/39)

The Executive Committee noted the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs, as contained in document UNEP/OzL.Pro/ExCom/72/39 and invited Executive Committee members to submit to the Secretariat, by 30 June 2014, any additional information they considered necessary to complete the information already contained in the document. The Secretariat would prepare a document that contained the additional information as described above for the consideration of the Executive Committee at its 73rd meeting.

Overview of approved HCFC demonstration projects and options for additional projects to demonstrate climate-friendly and energy-efficient alternative technologies to HCFCs (decision 72/40)

The Executive Committee decided, pursuant to decision XXV/5 of the Twenty-Fifth Meeting of the Parties, that proposals for demonstration projects for low-global-warming potential (GWP) alternatives to HCFCs would be considered at the 75th and 76th meetings. Decision 72/40(b) sets out the criteria to be applied when selecting projects, and the total amount of funding for such projects, which would not exceed US \$10 million. Funding requests for project preparation and project concepts where no project preparation funding was required would be considered at the 74th meeting. Any reductions in the consumption of HCFCs would be deducted from the starting point for sustained aggregate reductions in eligible consumption.

Bilateral and implementing agencies were invited to provide proposals for feasibility studies, including business cases for district cooling, no later than the 75th meeting. The resulting studies should assess possible projects, their climate impact, economic feasibility and options for financing such undertakings. The studies should enable stakeholders to understand the advantages and challenges as compared to business as usual. The funding for each study would be limited to a maximum of US \$100,000, with a maximum of four studies to be funded.

The Secretariat would prepare a paper analysing the remaining eligible HCFC consumption in various sectors and subsectors of potential demonstration relevance, for consideration by the Executive Committee at its 74th meeting.

Additional activities to maximize climate benefits in the HCFC production sector

The Executive Committee noted a document⁹ on additional activities to maximize climate benefits in the HCFC production sector that provided a brief summary of issues related to the emission of by-products with high GWP in the HCFC production sector and proposed several activities that could help to reduce emissions of HFC-23.

⁹ Document UNEP/OzL.Pro/ExCom/72/41

Minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector (decision 72/41)

The Executive Committee invited relevant bilateral and implementing agencies to consider the information contained in documents UNEP/OzL.Pro/ExCom/70/53/Rev.1 and UNEP/OzL.Pro/ExCom/72/42 on minimizing adverse climate impact of HCFC phase-out in the refrigeration servicing sector when assisting Article 5 countries in the preparation and implementation of activities in the refrigeration servicing sector in the framework of their HPMPs. The Committee also encouraged Article 5 countries, when implementing their HPMPs, to consider, as needed and feasible: the development of regulations and codes of practice, and the adoption of standards for the safe introduction of flammable and toxic refrigerants given the potential risk of accidents and negative effects on health associated with their use; measures to limit the import of HCFC-based equipment and to facilitate the introduction of energy-efficient and climate-friendly alternatives; and focusing activities in the refrigeration servicing sector on training of technicians, good practices, the safe handling of refrigerants, containment, recovery and recycling and reuse of recovered refrigerants rather than retrofitting.

Progress report on the MCII

The Executive Committee noted the information presented in the progress report of the Secretariat on the use of the MCII¹⁰. The Secretariat would send a letter to Executive Committee members inviting further comments on the MCII and would incorporate these into the report to be presented to the 73rd meeting pursuant to decision 69/23.

Accounts of the Multilateral Fund (decision 72/42)

With regard to the accounts of the Multilateral Fund, the Executive Committee requested the Treasurer to report on the status of consolidation of the accounts of the Multilateral Fund to the 74th meeting once the International Public Sector Accounting Standards and Umoja¹¹ were fully operational, and to seek, in consultation with the Secretariat, expert views on the issue of fund transfers from the Treasurer to the implementing agencies and to report back to the 73rd meeting. The next report on the accounts of the Multilateral Fund would include integrated information on the UNEP-wide standard on cash advances and the 20 per cent disbursement threshold for tranches of HPMPs to show clearly the relationship between the two issues, together with further information on the criteria used for the placement of funds to ensure risk reduction and the maximization of interest accrual.

Budgets of the Fund Secretariat (decision 72/43)

The Executive Committee approved the revised 2014, 2015 and 2016 budgets of the Fund Secretariat based on two Executive Committee meetings per year and reflecting the upgrading of three posts, and a decrease of US \$21,105 per year from four budget lines.

Production sector (decisions 72/44 and 72/45)

The Sub-group on the Production Sector was reconvened with the following composition: Australia (facilitator), China, Italy, Japan, Mauritius, Nicaragua, Saudi Arabia, Sweden, the United States of

¹⁰ Document UNEP/OzL.Pro/ExCom/72/43

¹¹ Umoja will be the United Nations new central administrative system, replacing multiple and fragmented legacy systems such as IMIS, Mercury and Sun.

America, and Uruguay. The Sub-group met in the margins of the 72nd meeting on a number of matters including the draft HCFC production sector guidelines, the HPPMP for China, and a proposed technical audit of the production facilities in Mexico.

HCFC production phase-out in China

Following its consideration of the Addendum to the HPPMP for China, the Executive Committee requested the World Bank to resubmit the Addendum to the 73rd meeting, including *inter alia* a glossary of terms used, and a draft closure strategy for ODS production plants. The World Bank's verification report should provide estimates of inadvertent emissions of HFC-23 and other by-products although submission of these estimates would not be a condition for approval of tranches of the HPPMP. The World Bank should verify the list of enterprises subject to plant closure and dismantling, their ODS production, feedstock and idle capacity, based on 2010 data, and report the results as part of the verification of 2013 production (decision 72/44).

The Executive Committee approved US \$23 million (plus support costs of US \$1.288 million) for the 2014 tranche of the HPPMP for China, and the corresponding implementation programme, and also noted that funds remaining from the CFC production phase-out plan for China used for stage I of the HPPMP, would be reimbursed by funds from the HPPMP for China. The Executive Committee requested the World Bank and the Secretariat to update the format for future submission of annual implementation plans and progress reports for the HPPMP (decision 72/45).

Production sector issues to be addressed at the 73rd meeting

At 73rd meeting the Sub-group on the Production sector would continue discussing the HCFC production sector guidelines, the Addendum to the HPPMP for China, and also the proposed technical audit of the production facilities in Mexico.

Other matters

The Executive Committee considered the legal relationship among the Executive Committee, the implementing agencies and recipient countries and in particular agreements made between the Executive Committee and Article 5 countries. A general discussion on the rule prohibiting Executive Committee members from taking the floor in connection with projects for their own countries also took place.

Venue of the 73rd meeting of the Executive Committee

The Executive Committee agreed to maintain decision 71/52(b), by which the 73rd meeting would be held from 9 to 13 November 2014 back-to-back with the Twenty-sixth Meeting of the Parties, on the understanding that the Secretariat would inform members of the venue intersessionally.

Report of the 72nd meeting

A complete record of all decisions made at the 72nd meeting can be found in the "Report of the Seventy-second meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol" (UNEP/OzL.Pro/ExCom/72/47 & Corr.1) which is published on the Multilateral Fund's website (www.multilateralfund.org). The report is available in Arabic, Chinese, English, French, Russian and Spanish.

Annex I - Attendance at the 72nd meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non-Article 5	
Australia	Canada
Belgium	Netherlands (the)
Italy	France, Germany, United Kingdom of Great Britain and Northern Ireland (the)
Japan	
Russian Federation (the)	
Sweden	Austria
United States of America (the) (Vice-Chair)	
Article 5	
China	India and Malaysia
Comoros (the)	Democratic Republic of the Congo (the) and Togo
Grenada	Bahamas (the) and Saint Kitts and Nevis
Mauritius (Chair)	Egypt
Nicaragua	Dominican Republic (the) and Mexico
Saudi Arabia	Kuwait and Yemen
Uruguay	Argentina, Brazil and Colombia