



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

**Post meeting summary of the 78th meeting of the Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol**

Introduction

The 78th meeting of the Executive Committee, which took place in Montreal, Canada from 4 to 7 April 2017, was a special meeting held in accordance with decision 77/59(a) to address matters related to the Kigali Amendment to the Montreal Protocol arising from decision XXVIII/2 of the Meeting of the Parties, and potential additional contributions to the Multilateral Fund.

The 78th meeting was attended by the representatives of the 14 Executive Committee member Parties and by participants co-opted from 20 other countries (see attached list). Mr. Paul Krajnik of Austria presided over the meeting as Chair of the Executive Committee in 2017. Representatives of the Ozone Secretariat, implementing agencies, UN Environment as the Treasurer, and members of the Replenishment Task Force of the Technology and Economic Assessment Panel (TEAP) were also present. A total of nine governmental and non-governmental organizations also attended as observers.

The agenda of the special meeting included only the consideration of policy matters and the related documents prepared by the Secretariat or the Treasurer: the report from the Treasurer on the status of additional contributions to the Multilateral Fund; the report on HFC consumption and production in Article 5 countries; information relevant to development of the cost guidelines for the phase-down of HFCs; key issues identified during the phase-out of HCFCs, in particular, those related to the introduction of low-global warming potential technologies; the current status of HFC-23 emissions and potential means to reduce such emissions; and, the procedures for Article 5 countries to access additional contributions for enabling activities for fast-start actions to implement the Kigali Amendment. In line of decision 77/59(b), the documents¹ prepared by the Secretariat for each agenda/sub-agenda item contained preliminary information only.

The 78th meeting was the first meeting where the Executive Committee had an opportunity for substantial discussions on matters relating to HFC phase-down policy issue. This document outlines discussion on the various matters that were considered and summarizes the six decisions taken at the meeting. The account of the extensive discussions and exchange of views at the meeting is contained in the Report of the 78th meeting².

¹ Pre-session documents for the 78th meeting are available at <http://www.multilateralfund.org/78/default.aspx>

² UNEP/OzL.Pro/ExCom/78/11

Status of additional contributions to the Multilateral Fund (decision 78/1)

The Executive Committee noted the report by the Treasurer on the status of the additional contributions and further noted with appreciation the status of pledged additional contributions distributed among the 16 non-Article 5 Parties to provide fast-start support for implementation of the Kigali Amendment. The Treasurer was requested to report to the Executive Committee on the additional contributions for fast-start support received separately from the other pledged contributions to the Multilateral Fund at the 79th meeting.

Available information on HFC consumption and production in Article 5 countries (decision 78/2)

The Executive Committee noted the report on the available information on HFC consumption and production in Article 5 countries³ and urged bilateral and implementing agencies to work with Article 5 countries to complete and submit, no later than 8 May 2017, as many ODS alternatives survey reports as possible. Bilateral and implementing agencies were requested to return to the 81st meeting unspent balances for those surveys of ODS alternatives that had not been submitted to either the 79th or 80th meeting.

Development of the cost guidelines for the phase-down of HFCs in Article 5 countries: draft criteria for funding (decision 78/3)

The Executive Committee considered information relevant to the development of criteria for funding the phase-down of HFCs⁴ including a proposed template for draft cost guidelines for the phase-down of HFC⁵. With the exception of enabling activities, institutional strengthening, and issues related to HFC-23 by-product control technologies, which were discussed under other agenda/sub-agenda items (see below), discussions focused on the relevant elements of decision XXVIII/2, namely overarching principles and timelines; flexibility in implementation; the cut-off date for eligible capacity; second and third conversions; sustained aggregate reductions in HFC consumption and production; eligible incremental costs in the consumption manufacturing sector, production sector, refrigeration servicing sector, and other costs; energy efficiency; capacity building to address safety, disposal; and eligibility of Annex F substances subject to high ambient temperature exemptions.

Overarching principles and timelines⁶

The Executive Committee considered the following guideline-related aspects: the legal prerequisites for accessing Multilateral Fund funding; the most suitable type of national strategy for providing assistance for HFC phase-down; the applicability of the existing Multilateral Fund funding policies and guidelines for ODS phase-out; the continued use of institutions and capacities in Article 5 countries that had been developed with Multilateral Fund assistance; and the continued use of the definitions for low-volume-consuming (LVC) countries and small and medium-sized enterprises. Consensus was not reached and the Committee therefore agreed to continue discussions at a future meeting.

³ UNEP/OzL.Pro/ExCom/78/4 and Corr.1

⁴ UNEP/OzL.Pro/ExCom/78/5 and Corr.1

⁵ Annex I of UNEP/OzL.Pro/ExCom/78/5

⁶ Paragraphs 16 to 25 of document UNEP/OzL.Pro/ExCom/78/5

Flexibility in implementation that enables Parties to select their own strategies and priorities in sectors and technologies⁷, cut-off date for eligible capacity,⁸ and second and third conversions⁹ (decisions 78/3 (a), (b), (c) and (d))

The Executive Committee decided to include paragraphs 13, 17 and 18 of decision XXVIII/2 in the relevant section of the draft template of the cost guidelines, which would: provide Article 5 parties countries with the flexibility in implementation that enables parties to select their own strategies and priorities in sectors and technologies; include the cut-off date for eligible capacity as 1 January 2020 for those parties with baseline years from 2020 to 2022 and 1 January 2024 for those parties with baseline years from 2024 to 2026; and, incorporate the principles relating to second and third conversions agreed by the Twenty-eighth Meeting of the Parties.

Sustained aggregate reductions in HFC consumption and production¹⁰ (decision 78/3(e))

During consideration of the matter of sustained aggregate reductions in HFC consumption and production there was overall agreement with the principle applied in decision XXVIII/2, whereby remaining eligible consumption for funding would be determined on the basis of the starting point of national aggregate consumption¹¹ and general recognition of the complexity involved in determining the formula by which the starting point would be calculated. There was also discussion on whether the starting point should be defined in terms of CO₂ equivalents, metric tonnes, or both.

The Executive Committee decided to continue discussions on the methodology for determining the starting point, including whether it would be expressed in CO₂ equivalents, metric tonnes, or both, and the inclusion of paragraph 19 of decision XXVIII/2 in the relevant section of the draft template of the cost guidelines for the phase-down of HFCs.

Eligible incremental costs in the consumption manufacturing sector¹² (decision 78/3 (f), (g) and (h))

In accordance with paragraph 15(a) of decision XXVIII/2, the Executive Committee made the following categories of costs eligible and would include them in the cost calculation associated with the phase-down of HFCs in the consumption manufacturing sector: incremental capital costs (ICCs); incremental operating costs (IOCs) for a duration to be determined by the Executive Committee; technical assistance activities; research and development, when required to adapt and optimize alternatives to HFCs with low or zero global warming potential; costs of patents and designs, and incremental costs of royalties, when necessary and cost effective; and costs of the safe introduction of flammable and toxic alternatives (decision 78/3(f)).

The Executive Committee would consider approving a limited number of HFC-related projects in the manufacturing sector only, without prejudice to different kinds of technology, no later than at the first meeting of 2019, to allow the Committee to gain experience in the ICCs and IOCs that might be associated with phasing down HFCs in Article 5 countries, on the understanding: that any Article 5 country that submitted a project should have ratified the Kigali Amendment or submitted a formal

⁷ Paragraphs 26 to 29 of document UNEP/OzL.Pro/ExCom/78/5

⁸ Paragraph 30 of document UNEP/OzL.Pro/ExCom/78/5

⁹ Paragraph 31 of document UNEP/OzL.Pro/ExCom/78/5

¹⁰ Paragraphs 32 to 39 of document UNEP/OzL.Pro/ExCom/78/5

¹¹ The remaining eligible consumption for funding in tonnage will be determined on the basis of the starting point of national aggregate consumption less the amount funded by previously approved projects in future multi-year agreement templates for HFC phase-down plans, consistent with Executive Committee decision 35/57

¹² Paragraphs 41 to 87 of document UNEP/OzL.Pro/ExCom/78/5

letter indicating the government's intention to ratify the Amendment; that no further funding would be available until the instrument of ratification had been received by the depositary at the Headquarters of the United Nations in New York; and that any amount of HFC reduced as a result of the project would be deducted from the starting point (decision 78/3(g)).

The Committee would consider costs and savings related to opportunities for further avoiding HFCs in HCFC phase-out activities and how they could be addressed (decision 78/3(h)).

With regard to further consideration of elements of decision XXVIII/2 in respect of the development of guidelines for the phase-down of HFCs in Article 5 countries, the Secretariat would prepare, for further consideration by the Executive Committee at its 79th meeting, a document including a summary of the pending issues related to eligible incremental costs in the consumption manufacturing, production, and refrigeration servicing sectors and other costs; energy efficiency; capacity building to address safety; disposal and eligibility of Annex F substances subject to high-ambient-temperature exemptions. (decision 78/3(i)).

Enabling activities¹³ and institutional strengthening¹⁴ (decision 78/4)

The Executive Committee requested the Secretariat to prepare a document providing draft guidelines on enabling activities for consideration at the 79th meeting, taking into account the discussions on the matter at the 78th meeting. The Committee would consider increasing funding for institutional strengthening at a future meeting in accordance with paragraph 20 of decision XXVIII/2.

Identification of issues to be considered in relation to existing HCFC phase-out activities

The Executive Committee took note of document UNEP/OzL.Pro/ExCom/78/8 on identification of issues to be considered in relation to existing HCFC phase-out activities.

Key aspects related to HFC-23 by-product control technologies (decision 78/5)

Following the Executive Committee consideration of the document on key aspects of HFC-23 by-product control technologies¹⁵ in the plenary and based on further discussions that took place in a contact group established to discuss the draft decision, the Executive Committee noted the urgency of taking action to enable relevant Article 5 countries to meet the HFC-23 reporting and control obligations by 1 January 2020. The Committee reiterated, through the World Bank, its request to the Government of China to provide to the 79th meeting reports on the status of two relevant studies¹⁶ that had been funded through the HCFC production phase-out management plan, and invited all relevant HCFC-22 producing parties to provide to the Fund Secretariat, on a voluntary basis, information on quantities of HFC-23 in facilities producing HCFC-22, and their experience in controlling and monitoring HFC-23 by-product emissions, including relevant policies and regulations and the related costs, no later than 15 May 2017. The Secretariat would continue to explore whether there were HFC- or other HCFC-producing facilities in any party that generated HFC-23 emissions and to report back to the Executive Committee by 31 May 2018.

An updated document of key aspects related to HFC-23 by-product control technologies would be

¹³ UNEP/OzL.Pro/ExCom/78/6

¹⁴ UNEP/OzL.Pro/ExCom/78/7

¹⁵ Documents UNEP/OzL.Pro/ExCom/78/9 and Corr.1

¹⁶ Research and a study on HFC-23 conversion/pyrolysis technologies, and Investigation on reducing HCF-23 by-product ratio using best practices

submitted to the 79th meeting and would include: information relevant to the cost of closure of HCFC-22 production swing plants; a description of existing policies and regulations supporting the control and monitoring of HFC-23 emissions and requirements for sustaining those measures in Article 5 countries; further analysis of methods to control HFC-23 emissions based on the additional information provided by Executive Committee members and any other available information to the Secretariat, including information from the Clean Development Mechanism; the current levels of HCFC-22 production and HFC-23 emissions, and information on management practices, per line, in each facility in Article 5 and non-Article 5 countries, including information on approved monitoring methodologies under the United Nations Framework Convention on Climate Change (UNFCCC); and exploration of possible options for monitoring HFC-23 emissions, such as those approved for continuous monitoring under the UNFCCC, including the associated costs. The need for a desk and field study would be considered at the 79th meeting.

Sub-group on the Production Sector

The Executive Committee agreed to reconstitute the Sub-group on the Production Sector, with the following composition: Australia, Argentina, Austria, China, Germany, Lebanon, Mexico and the United States of America. The Sub-group was expected to meet at the 79th meeting when the facilitator of the group would be chosen.

Procedures for Article 5 countries that have an HFC consumption baseline year from 2020 to 2022 in accessing additional contributions for enabling activities¹⁷

The Executive Committee did not reach consensus on all of the elements of the procedures for accessing the additional voluntary funding and agreed to consider the matter further at the 79th meeting.

Dates and venues of the 80th meeting of the Executive Committee

The Executive Committee confirmed that its 80th meeting would be from 13 to 17 November 2017 in Montreal, back to back with the 29th MOP, scheduled to take place in Montreal from 20 to 24 November 2017.

Report of the 78th meeting

A record of the discussions and full information of the decisions made at the 78th meeting can be found in the “Report of the Seventy-eighth meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol” (UNEP/OzL.Pro/ExCom/78/11) which is published on the Multilateral Fund’s website (www.multilateralfund.org). The report is available in Arabic, English, French, and Spanish.

¹⁷ Documents UNEP/OzL.Pro/ExCom/78/10 and Corr.1

Annex I - Attendance at the 78th meeting of the Executive Committee

Executive Committee members	Co-opted countries
Non-Article 5	
Australia	Canada
Austria (Chair)	Finland and Sweden
Belgium	Netherlands (the)
Germany	France, Italy, United Kingdom of Great Britain and Northern Ireland (the)
Japan	
Slovakia	
United States of America (the)	
Article 5	
Argentina	Brazil, Colombia and Uruguay
Bosnia and Herzegovina	Armenia and the Kyrgyz Republic
Cameroon	Comoros
China	India, Malaysia and Pakistan
Lebanon (Vice Chair)	Bahrain and Kuwait
Mexico	Haiti
Nigeria	Zimbabwe