



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL
Post Meeting Summary of Decisions of the 64th Meeting of the Executive Committee of the
Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 64th Meeting of the Executive Committee, which took place in Montreal, Canada from 25 to 29 July 2010, was attended by the representatives of 14 of the Executive Committee member Parties and by participants co-opted from 22 other countries (see attached list). Mr. Patrick McNery of Australia presided over his second meeting as Chair of the Executive Committee in 2011. The Executive Secretary and Deputy Executive Secretary of the Ozone Secretariat, representatives of the implementing agencies, the Treasurer, the President and Vice-President of the Implementation Committee, the Co-chair of the Technology and Economic Assessment Panel (TEAP), and representatives from the Global Environment Facility (GEF), Alliance for Responsible Atmospheric Policy and the Environmental Investigation Agency also attended the meeting.

At this meeting, the Executive Committee addressed items related to the customary programme of work for the second meeting including consideration of the 2010 progress reports of the bilateral and implementing agencies, the accounts of the Multilateral Fund, and the evaluation of the 2010 business plans. In addition it considered a number of policy issues related to HCFC phase-out, and the approval of more than 20 HCFC phase-out management plans (HPMPs) including the sector plans for stage I of the HPMP for China and the HPMP for Indonesia which had both been considered at the 63rd meeting. The Committee also discussed activities related to the monitoring and evaluation work programme, the climate impact indicator and a report on the implementation of ODS disposal projects. The Sub-group on the Production Sector continued its work on HCFC production sector guidelines in the margins of the meeting.

The 64th Meeting of the Executive Committee was highly successful and resulted in the commitment of US \$325,977,150, excluding support costs, for HPMP agreements for 21 countries to phase-out 4,205.1 ODP tonnes of HCFCs. HPMPs approved included those for Brazil, China, Indonesia and Mexico, which are some of the largest consumers of HCFCs. The Committee approved the disbursement of just under US \$154.34 million, plus US \$11.68 million in support costs, for investment projects (including the first tranches of the 21 HPMPs), and work programme activities for bilateral/implementing agencies to phase-out a total of 407.5 ODP tonnes of consumption. A total of 54 decisions were made and the most significant decisions and discussions are summarized below.

Status of contributions and disbursements (decision 64/1)

The balance of the Fund stood at US \$193,166,706, of which US \$158,893,492 was in cash and US \$34,273,214 in promissory notes. The Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and recalled decision XI/7 of the Eleventh Meeting of the Parties, which called for the Executive Committee to take action to ensure as far as possible that the whole of the Multilateral Fund's budget would have been committed by the end of the triennium.

Status of resources and planning

Report on balances and availability of resources (decision 64/2)

Bilateral and implementing agencies returned US \$1,499,380 to the Multilateral Fund. The Executive Committee approved the transfer of the project to prepare the HPMP for Argentina from UNDP to UNIDO and the transfer of the terminal phase-out management plan (TPMP) for Peru from UNEP and UNDP to UNEP and UNIDO (UNDP would return the remaining balance by the 65th meeting). The Committee also noted a commitment from UNIDO to return unobligated balances from completed projects in full by the 66th meeting of the Executive Committee.

2011-2014 business plans and annual tranche submission delays (decision 64/3)

The Executive Committee noted the report on the status of the 2011 business plans and the fact that US \$64.9 million in activities in the business plans required for compliance had not been submitted to the 64th meeting. The total value of the multi-year agreements (MYAs) submitted to the 64th Meeting exceeded those in the 2011-2014 business plans by about US \$100 million, including US \$26.9 million for the year 2011.

Status of implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol (decision 64/4)

The Executive Committee considered the latest report on the status/prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol. The analysis carried out by the Secretariat was based on the latest available data, either country programme data or data reported under Article 7, as of 5 June 2011. Twenty-nine of the country programme data reports for the year 2010 had been submitted through the web-based system, which had been initiated in 2007. The Executive Committee noted the completion of one of the 15 projects that had been identified as having implementation delays.

Programme implementation

Monitoring and Evaluation

The Executive Committee noted the strategy for the dissemination and communication of lessons learned that had originally been proposed at the 63rd meeting as part of the monitoring and evaluation work programme activities for 2011. In view of insufficient interest within the Committee, it was decided not to proceed with the project (decision 64/5).

A report on the review of the document "Regulations to Control Ozone-Depleting Substances: a Guide Book (2000)" submitted to the 64th meeting would be considered at the 65th meeting, as originally planned, and would address the issues raised at the 64th meeting including how often the guidebook had been used and the utility of the proposed evaluation.

Consolidated progress report and 2010 Progress reports of bilateral and implementing agencies (decisions 64/6 - 64/11)

The Executive Committee noted the annual progress reports on the implementation of approved projects and activities submitted by the bilateral and implementing agencies in order to allow the Committee to monitor project implementation. The Committee also noted the consolidated report and the issues raised by the Secretariat. Project document/agreement signatures had not been reported for 26 of the 61 HPMPs approved as of the 63rd meeting and 21 countries with approved institutional

strengthening (IS) projects did not have the signed project document/agreement that was required to initiate project implementation. A further eight countries had outstanding progress and financial reports to enable implementing agencies to release funding.

Evaluation of the implementation of the 2010 business plans (decision 64/12)

The performance of the implementing agencies in 2010, as assessed against targets in their business plans, was slightly lower than it had been in 2009 due largely to not meeting targets for multi-year tranches approved, individual projects approved, milestone activities completed, ODS phased out for individual projects, project completion, speed of final completion, and timely submission of project completion reports. Regarding the qualitative assessment of agencies based on input received from national ozone unit (NOU) officers, the Committee requested relevant agencies to hold discussions with those countries where their respective services had been perceived to be “less satisfactory” or “unsatisfactory”.

Report on implementation of approved projects with specific reporting requirements (decision 64/13)

The Executive Committee took note of progress reports on the implementation of approved projects with specific reporting requirements from the Governments of Afghanistan, Bangladesh, Maldives, Nepal, and Samoa (TPMPs) and China (CTC process agent sector plan), and made a number of requests to follow up on specific issues.

With regard to the implementation of national phase-out plans (NPPs) and TPMPs, bilateral and implementing agencies were requested to submit to the 65th meeting complete progress reports that were due as per specific decisions taken between the 59th and 62nd meetings, but had not yet been submitted. The Committee also urged the agencies to provide reports on 27 HCFC demonstration and investment projects that had previously been approved separately from the HPMPs of the relevant Article 5 countries. These progress reports should address the issues pertaining to the collection of accurate data on incremental capital cost, the incremental operating cost or savings, and data relevant to the application of the technologies, in line with the objectives of decision 55/43(b) and the relevant decision approving each HCFC project.

Project proposals

HCFC policy issues

HPMPs that proposed to address more than 10 per cent of the baseline by 2015

The Executive Committee agreed to continue to consider, on a case-by-case basis, HPMPs that proposed to address more than 10 per cent of the baseline by 2015. If need be the Committee would continue discussion on establishing a policy on the issue at a future meeting.

Funding for countries with HCFC consumption between 361 and 400 metric tonnes in the servicing sector

The Executive Committee agreed to continue to consider, on a case-by-case basis, the need for equitable treatment of those countries with HCFC consumption between 361 and 400 metric tonnes in the refrigeration servicing sector whose maximum level of funding would be lower than that for countries with consumption of between 300 and 360 metric tonnes.

Countries with total HCFC consumption above 360 metric tonnes and should address consumption in the manufacturing sector first to meet the 2013 and 2015 control measures (decision 64/14)

The Executive Committee would consider, on a case-by-case basis, project proposals from countries with total HCFC consumption above 360 metric tonnes that included funding requests for refrigeration servicing sector activities instead of the manufacturing sector.

Flexibility provision under HCFC phase-out management plans

Pursuant to decision 63/16, the Committee considered the matter of the flexibility provision under HPMPs in relation to technology changes and funding reallocation among sectors and agreed to consider these on a case-by-case basis for HPMPs submitted to the 64th meeting, and to defer consideration of the policy issue to the 65th meeting.

Baseline established for several Article 5 countries with an HPMP submitted to the 64th meeting

The Executive Committee agreed to continue the established practice of considering HPMPs containing estimated HCFC baselines that would be revised by the Secretariat once the actual baseline data (based on Article 7 data) were known. This practice is reflected in the decisions approving HPMPs and the related agreements.

Policy issue relating to ODS disposal demonstration projects in LVC countries (decision 64/17)

During consideration of the agencies' work programme amendments the Executive Committee found that project proposals for ODS disposal demonstration projects for low-volume-consuming (LVC) countries were being submitted piecemeal for consideration by the Executive Committee, and thus it was not possible to obtain a clear overview of all projects so that the most appropriate ones could be approved. In view of this the Executive Committee requested implementing agencies to submit all future proposals for ODS disposal demonstration projects for LVC countries no later than the 66th meeting.

Project approvals (decisions 64/18 to 64/49)

Approvals at the 64th meeting

In all the Executive Committee approved a total of 83 investment projects, including HPMPs and work programme activities in 45 countries at a total value of US \$154.34 million plus support costs of US \$11.68 million. This included US \$146,785,239 plus US \$11,208,341 of support costs for the first tranche of HPMPs for 21 countries. In addition funding for the preparation of HCFC phase-out investment activities in the foam sector for Argentina was approved, as well as preparation of the HPMP for the Democratic People's Republic of Korea, the remainder of the second tranche of the HPMP for the former Yugoslav Republic of Macedonia, annual tranches for the national phase-out of methyl bromide (MB) and the sector plan for the MB production sector in China, project preparation for a demonstration project in ODS bank management and destruction in Georgia, and institutional strengthening (IS) funding for 22 countries.

HPMPs

A total of US \$325,977,153 excluding support costs¹ was approved in principle for agreements for

¹ US \$14,303,537 of support costs were approved for the agreements approved at the 64th meeting. Note that support costs for China for the years 2012-2015 are not included in this figure.

HPMPs for 21 countries to phase-out 4,205.1 ODP tonnes of HCFCs. This amount included US \$265 million excluding support costs for China, US \$60,977,153 million excluding support costs for 6 other non-LVC countries (Brazil, Cameroon, Indonesia, Lebanon, Mexico, and Trinidad and Tobago) and 14 LVC countries (Albania, Plurinational State of Bolivia, Cape Verde, Central African Republic, Comoros, Costa Rica, Guatemala, Jamaica, Lesotho, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Zambia). The HPMP for Saint Vincent and the Grenadines was approved for the period 2011 to 2025 for the complete phase-out of HCFCs while HPMPs (stage I) for the other 13 LVC countries were approved for the period 2011 to 2020 to phase out 35 per cent of HCFC consumption.

Stage I of the overall HPMP for China, which is the largest producer and consumer of HCFCs, would cover the period 2011 to 2015 and reduce HCFC consumption in China by 10 per cent of its baseline, resulting in the total phase-out of 3,320 ODP tonnes of HCFCs. US \$124,519,023 plus US \$9,418,013 of support costs were approved for the first tranche of stage I of the overall HPMP and sector plans.

HCFC Demonstration projects

The Executive Committee approved two HCFC demonstration projects for China: conversion from HCFC-22/HCFC-142b technology to CO₂ with methyl formate co-blowing technology in the manufacture of extruded polystyrene (XPS) foam and the conversion from HCFC-141b-based technology to iso-paraffin and siloxane (KC-6) technology for cleaning in the manufacture of medical devices.

HPMPs to be considered at future meetings

Consideration of the HPMPs (stage I) for El Salvador and Uruguay were deferred to a future meeting and the HPMP (stage I) for Jordan would be re-submitted to the 65th Meeting since there had not been enough time to resolve all of the elements necessary to approve it.

Report on implementation of disposal projects (decision 64/50)

A report on the experience gained in applying decision 58/19 to the implementation of ODS disposal projects was considered by the Committee. Since there had been little experience in the implementation of the full pilot projects, the implementing agencies were requested to provide an update on the use of the guidelines to the Secretariat no later than the 69th meeting. The Fund Secretariat would prepare a report for the 70th meeting summarizing the experience gained and making recommendations for future action. In the meantime the Secretariat would continue using the interim guidelines, applying them also to pilot projects for LVC countries.

Agencies were reminded that, in line with decision 58/19(a)(iii), they should report annually to the first meeting of the Executive Committee on progress and experiences gained in demonstration projects on disposal, commencing in the first year after project approval, starting with the 66th meeting.

Multilateral fund climate impact indicator (decision 64/51)

The Executive Committee noted the report on the experience gained in implementing the Multilateral Fund Climate Impact Indicator (MCII) and would continue its discussion of the MCII at its 65th meeting to clarify the exact purpose, objective and end-users of the MCII in order to shape the course of the model's future development.

Provisional 2010 accounts (decision 64/52)

The Executive Committee took note of the Multilateral Fund's 2010 provisional accounts. The 2010 final accounts would be submitted to the 65th meeting and further adjustments would be introduced if required. The Committee also noted the actions taken by the Treasurer in 2010 to reflect the adjustments resulting from the reconciliation of the 2009 accounts exercise. Regarding the classification of the charges relating to net losses from the fixed-exchange-rate mechanism (FERM) under the Secretariat's operating expenses, the Committee requested the Treasurer to reclassify the FERM loss as a separate line item in the financial statement.

Production sector (decision 64/53)

Following progress made by the Sub-group on the Production Sector² on the text for a possible decision on the guidelines for the HCFC production sector, the implementation of decision 60/47, and the status of the contract for the HCFC technical audit in China, the Executive Committee requested the Sub-group to continue its discussions in the margins of the 65th meeting.

Other matters

Implementation of Montreal Protocol activities in Haiti post the impact of the devastating 2010 earthquake

The Executive Committee noted an interim report on the strategy and action plan to assist Haiti to return to the pre-implementation level of the Montreal Protocol submitted by UNEP in response to decisions 61/52 and 62/70. Due to the extent of damage to the country's infrastructure and the slow pace of recovery, UNEP, in consultation with UNDP, requested special permission to allow for the flexible implementation of the approved projects, as well as for the preparation of the country's HPMP. Several members supported the request and stressed that the report from UNEP should be considered a "living" document and that the challenge for the agencies was to develop concrete action proposals to help Haiti.

65th Meetings of the Executive Committee (decision 64/54)

The Executive Committee decided to hold its 65th meeting in Bali (Indonesia) from 13 to 17 November 2011.

Report of the 64th Meeting

A complete record of all decisions made at the 64th meeting, including those covered in this document, can be found in the "Report of the Sixty-fourth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol" (UNEP/OzL.Pro/ExCom/64/53) which is published on the Multilateral Fund's website (www.multilateralfund.org). The report is available in Arabic, Chinese, English, French, and Spanish.

² Members of the Sub-group on the Production Sector are Argentina, China, Cuba, Kuwait, representing Article 5 countries, and, Australia, Japan, Switzerland and the United States of America, representing non-Article 5 countries.

Annex I - Attendance at the 64th Meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Australia (Chair)	Canada
Belgium	Netherlands
Czech Republic	
Japan	
France	Germany, Italy and United Kingdom
Switzerland	Sweden
United States of America	
Article 5	
Argentina	Brazil, Colombia, Uruguay and the Bolivarian Republic of Venezuela
China (Vice Chair)	India, Indonesia, Jordan and Malaysia
Cuba	Mexico and Nicaragua
Grenada	Jamaica, Saint Lucia, and Saint Vincent and the Grenadines
Kenya	
Kuwait	Lebanon
Morocco	Comoros and Mali