



**United Nations
Environment
Programme**



Distr.

GENERAL

UNEP/OzL.Pro/ExCom/11/36
16 December 1993

ORIGINAL: ENGLISH

Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Eleventh Meeting
Bangkok, 10-12 November 1993

**REPORT OF THE ELEVENTH MEETING
OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

I. INTRODUCTION

1. The Eleventh Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol was held at Bangkok from 10 to 12 November 1993. The Meeting was convened in pursuance of decisions IV/18 and IV/20 adopted at the Fourth Meeting of the Parties to the Montreal Protocol, held at Copenhagen from 23 to 25 November 1992 (UNEP/OzL.Pro/4/15).

II. ORGANIZATIONAL MATTERS

A. Opening of the Meeting

2. The Meeting was opened by Ms. E. Claussen (United States of America), Chairperson of the Executive Committee, who welcomed participants.

3. The Chairperson emphasized the importance of the Committee's efforts, noting that the Multilateral Fund represented a groundbreaking effort to address environmental problems in a cooperative and democratic manner. As this was her last meeting as a Chairperson, she thanked members of the Committee for their efforts and for the fact that all decisions by the Committee had been reached by consensus. She also thanked the implementing agencies for the continuous improvements in their performance. She praised the Fund Secretariat for the quality and quantity of work it produced for the Committee meetings.

4. The Chairperson drew attention to the heavy workload facing the Committee, including consideration of country programmes, project proposals, and issues relating to the Fifth Meeting of the Parties.

B. Attendance

5. The Meeting was attended by representatives of the following countries, members of the Executive Committee in accordance with decision IV/20 adopted by the Parties at their Fourth Meeting:

- (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Canada, France, Japan, Netherlands, Norway and United States of America.
- (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Brazil, Egypt, Ghana, Jordan, Malaysia, Mauritius and Venezuela.

6. In accordance with the decisions taken by the Executive Committee at its Second and Eighth Meetings, representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the World Bank attended as observers.

7. Pursuant to the decision taken by the Executive Committee at its Second Meeting, a representative of the President of the Bureau of the Meeting of the Parties to the Montreal Protocol also attended.

8. Representatives of Friends of the Earth and Greenpeace also attended the Meeting.

C. Adoption of the Agenda

9. The Meeting adopted the following agenda:
 1. Opening of the Meeting.
 2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
 3. Report by the Fund Secretariat:
 - (a) Secretariat activities;
 - (b) Contributions and Fund disbursements.
 4. Financial matters:
 - (a) Revised 1994 budget of the Fund Secretariat;
 - (b) 1994-1996 budget of the Fund Secretariat;
 - (c) Requests for bilateral contributions:
 - (i) Canada;
 - (ii) Singapore;
 - (iii) South Africa;
 - (iv) United States of America;
 - (d) Discussion paper from the Treasurer on the operation of promissory notes within the context of the Multilateral Fund;
 - (e) Uniform format for future financial reports.
 5. Implementing agencies:
 - (a) Progress reports:
 - Consolidated progress report;
 - UNDP progress report;
 - UNEP progress report;
 - UNIDO progress report;
 - World Bank progress report;
 - (b) Work programme amendments:
 - 1993 UNDP work programme amendments;
 - 1993 UNEP work programme amendments;
 - 1993 UNIDO work programme amendments;
 - 1993 World Bank work programme amendments.
 6. Country programmes:
 - (a) Algeria;
 - (b) Burkina Faso;
 - (c) India;

- (d) Senegal;
 - (e) Syria;
 - (f) Thailand.
7. Project proposals:
- (a) Egypt;
 - (b) India;
 - (c) Indonesia;
 - (d) Iran;
 - (e) Malaysia;
 - (f) Venezuela.
8. Issues related to the Fifth Meeting of the Parties:
- (a) The impact of the non-committed resources at the end of 1993 on the 1994-1996 assessments;
 - (b) Clarification of the eligible methods of payment in an effort to ensure that pledged funds are available when they are needed for implementation of approved projects;
 - (c) Draft report of the Executive Committee to the Fifth Meeting of the Parties.
9. Streamlining the Executive Committee's project review process.
10. Draft report on strategic options for retrofitting of mobile air conditioners, chillers, and domestic refrigerators.
11. Other matters.
12. Adoption of the report.
13. Date of the Twelfth Meeting of the Executive Committee.
14. Closure of the meeting.

D. Organization of work

10. The Committee decided that agenda items 4 (a), (b) and (e) should be transmitted to the Sub-Committee on Financial Matters and that items 4 (d) and 8 (b) should be discussed together.

III. SUBSTANTIVE MATTERS

Agenda item 3: Report by the Fund Secretariat

- (a) Secretariat activities

11. The Chief Officer reported on the activities of the Secretariat since the Tenth Meeting and introduced document UNEP/OzL.Pro/ExCom/11/2.

12. Noting that it would be the last meeting of the Executive Committee in its current configuration, the Chief Officer thanked members, the implementing agencies, and the Chairperson or their efforts and support.

13. The Executive Committee took note with appreciation of the report on Secretariat activities and several representatives commended the Secretariat on the quality of the documentation submitted for the meeting.

14. In response to a request by one member that future reports should include information on Secretariat activities involving non-governmental organizations, the Chief Officer said that to date he had never been requested to bring communications from non-governmental organizations to the attention of the Executive Committee.

(b) Contributions and Fund disbursements

15. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/3/Rev.1 on contributions and fund disbursements.

16. The representative of the United States of America stated that his Government had recently transferred the amount of US \$6,000,000 to the Fund. The representative of the Netherlands stated that his Government and the Government of Denmark had transferred their outstanding contributions amounting to US \$1,998,543 and US \$282,855 respectively to the fund. Those payments had not been reflected in the report on contributions and Fund disbursements as at 11 November 1993 because they had not yet been received by the Treasurer.

17. The representative of UNEP, speaking as Treasurer of the Fund, announced that the Fund had received the contribution for 1992 from Bulgaria. The Committee noted with appreciation that the Government of Bulgaria had heeded the Committee's earlier recommendation to all Parties not operating under paragraph 1 of Article 5 to meet their financial obligations.

18. The Executive Committee took note with appreciation of the report on contributions and fund disbursements.

19. The updated report on contributions and disbursements reflecting funding approved by the Executive Committee at its Eleventh Meeting is attached as Annex I.

Agenda item 4: Financial Matters

(a) Revised 1994 budget of the Fund Secretariat

20. The representative of Canada, Chairman of the Sub-Committee on Financial Matters, reported that after discussions the Sub-Committee had recommended that the Executive Committee approve the revised budget of the Fund Secretariat for 1994 as contained in document UNEP/OzL.Pro/ExCom/11/4/Rev.1 with the proviso that the Committee establish

the definition of allowable travel to be covered in line 3301.

21. The representative of Malaysia, speaking as a member of the Sub-Committee on Financial Matters, raising the issue as a matter of principle, pointed out that the terms of reference of the Executive Committee of the Multilateral Fund and the decisions taken by the Parties at their Second Meeting held in London (Annex IV, paragraph 6, Decision II/8.3), specified that the Fund could only be used to assist Parties operating under paragraph 1 of Article 5.

22. The Chief Officer added that UNEP had advised the Secretariat that funds allocated under budget line 3301 could not be used to support travel to meetings of the Executive Committee by the Chairperson or Vice-Chairperson of the Executive Committee, irrespective of whether or not they represented countries operating under paragraph 1 of Article 5, but could support their travel to other meetings when their presence was required to represent the Executive Committee.

23. The representative of Malaysia requested that that interpretation be transmitted to the meeting of the Parties.

24. The Executive Committee approved the revised 1994 budget of the Fund Secretariat with the understanding that budget line 3301 could be used to support travel of the Chairperson or Vice-Chairperson of the Executive Committee, irrespective of whether or not they represented countries operating under paragraph 1 of Article 5, if such travel was required to enable the Chairperson or Vice-Chairperson to represent the Executive Committee (Annex II).

(b) 1994-1996 budget of the Fund Secretariat

25. The Executive Committee also approved the proposed budget for the Fund Secretariat for 1994-1996 contained in document UNEP/OzL.Pro/ExCom/11/5/Rev.1 (Annex III).

(c) Requests for Bilateral Contributions

- (i) Canada
- (ii) Singapore
- (iii) South Africa
- (iv) United States of America

26. The Chief Officer, introducing document UNEP/OzL.Pro/ExCom/11/6, stated that the requests by Canada, South Africa, and the United States of America were consistent with the guidelines on bilateral contributions approved at the Fifth Meeting of the Executive Committee and did not exceed the ceiling of 20 per cent, therefore, the Secretariat recommended that they should be approved.

27. The Chief Officer stated that the request from the Republic of Singapore exceeded 20 per cent of its assessed contribution to the Fund for the year 1993 and, consequently, the Secretariat recommended that US \$31,976, representing 20 per cent of Singapore's 1993 contribution, be approved. He said that the Secretariat continued to work with the Government of Singapore and had requested that it resubmit the other components of its

request for future consideration.

28. One representative, noting the Secretariat's comment that Singapore had not yet obtained the agreement of all the beneficiary countries for its proposed Regional Programme, stressed that the same standards should be applied to all regional project proposals whether they were to be funded by the implementing agencies or offset against bilateral contributions. He drew attention to the practical difficulties of monitoring participation by employees of multinational corporations and proposed that their participation in workshops should not become an issue. He also suggested that countries putting forward requests for bilateral contributions should make a declaration on whether or not retrofitting was involved in the projects so as to avoid reimbursement of "back door" financing to multinational corporations for projects.

29. The representative of Venezuela informed the Committee that his Government had reached final agreement with Canada regarding its proposed bilateral activities in Venezuela.

30. The observer for Friends of the Earth said that a standard reporting format for bilateral contributions had become necessary and suggested that the format used by the United States be considered as a model.

31. The Executive Committee approved the request by Canada to credit against its 1993 contribution the sum of US \$759,000 for the following projects:

- Training workshop activities in Sichuan Province, China: US \$172,500
- Training workshop in the State of Sao Paulo, Brazil: US \$172,500
- Technical assistance in the halon sector, Venezuela: US \$414,000

32. The Executive Committee approved the request by South Africa to credit US \$30,000 against its 1994 contribution for an industry workshop on the practical implementation of the Montreal Protocol for English-speaking countries in Africa.

33. The Executive Committee approved the request by the United States of America to credit US \$1,017,000 against its 1993 contribution for the following projects:

- Reduction of CFC-11 in appliance insulation foam, Ecuador: US \$50,000
- Assistance in implementation of country programme, Ecuador: US \$11,000
- Halon 1211 recovery/recharge training workshops, China: US \$271,000
- Halon management resource manual, China: US \$32,000
- FESCAST conference, China: US \$96,000
- Solvents conference, Malaysia: US \$24,000
- Technical support to complete projects using the World Bank US \$4 million line of grant, Mexico: US \$136,000

- Chillers, Mexico: US \$259,000
- Solvents, Mexico: US \$138,000

34. The Executive Committee approved the amount of US \$31,976 to be credited against Singapore's 1993 contribution to the Fund to begin a regional methyl chloroform elimination programme for the ASEAN countries provided that:

- (a) all participating beneficiary countries agreed to the assistance;
- (b) funds were used towards the dissemination of information concerning the adaptation of technologies to local circumstances (the third component);
- (c) funding for additional project components was presented in subsequent requests in accordance with bilateral assistance guidelines.

35. The workshops that had been held in China and Brazil had led to the identification of several areas for possible future cooperation and the representative of Canada informed the Committee that advanced discussions were underway regarding additional bilateral contributions to projects in Brazil and China.

- (d) Discussion Paper from the Treasurer on the Operation of Promissory Notes within the Context of the Multilateral Fund

36. The Executive Committee considered this item under agenda item 8 (b).

- (e) Uniform format for future financial reports

37. The representative of Canada, Chairman of the Sub-Committee on Financial Matters, reported that the Sub-Committee could not recommend approval of this document as it was felt that it did not respond to the needs of the Executive Committee.

38. The Executive Committee endorsed the Sub-Committee's proposal that the implementing agencies work with the Treasurer and the Fund Secretariat during the next two weeks, to revise the document, which would be circulated informally to Executive Committee members so as to enable the Committee to approve it at its next meeting and that, once common definitions had been developed, they could be used for all the reporting requirements of the implementing agencies.

39. The Sub-Committee took the opportunity to note that the common definitions were being developed in response to the Executive Committee's request for common definitions in the annual report of the Treasurer.

Agenda item 5: Implementing Agencies

- (a) Progress Reports

- Consolidated progress report (as of September 1993)

40. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/9.

41. Several representatives expressed satisfaction with the report and made suggestions for further improvement, including the addition of more technical information on the number and effectiveness of different types of projects, the use of pie charts to represent better the allocation of projects by sector, the regional distribution of ODS and funds, delineating the components of the category currently defined as "several", obtaining information from developing countries regarding the reasons for delays in the preparation of country programmes and project proposals, and the amount of the funds effectively disbursed.

42. The Executive Committee requested the implementing agencies to present their reports in such a way as to permit comparisons.

43. One representative requested the Secretariat to monitor any problems in project implementation. He considered that problems should be indicated in an additional column in the report so as to assist the Executive Committee to know the true picture and take any further action if necessary.

44. With regard to reporting on project problems, the Chief Officer said that the Secretariat could only request a country to explain the reasons for delays in implementation of its programme if it had been officially informed that a problem existed.

- UNDP progress report

45. The representative of UNDP introduced document UNEP/OzL.Pro/ExCom/11/10. He stated that UNDP had further strengthened its technical capabilities and had completed eight country programmes, forty technical assistance activities in fifteen countries, and three regional sectoral workshops. Twelve institutional strengthening projects were operational. He also stated that the Misr Foam II project in Egypt, approved in March 1993, had been officially commissioned on 6 November and was phasing out 28 tonnes of CFC-11 per annum. Two additional foam sector investment projects were expected to be commissioned over the next two months.

46. Several representatives praised the descriptiveness and clarity of UNDP's report, commended UNDP on its performance, and urged the other implementing agencies to adopt this reporting format as a model.

47. In response to questions concerning the fate of allocated but unspent funds for several completed projects, the UNDP representative explained that those funds had been budgeted for new projects in the respective countries and that future reports would more clearly represent such transfers.

- UNEP progress report

48. The representative of UNEP introduced document UNEP/OzL.Pro/ExCom/11/11 and stated that it had proved more difficult than originally thought to collect information from countries, especially those with economies in transition, as well as from implementing agencies. On the other hand, dissemination had proved easier than expected. Experience had also highlighted the importance of training at all levels, the sharing of experience and identifying the most promising technologies. The question was raised to what extent support could be given to developing countries not Party to the Montreal Protocol.

49. One representative considered that coordination among the activities carried out by the Ozone Secretariat in Nairobi, IE/PAC in Paris and the Multilateral Fund in Montreal should be further strengthened so as to stimulate those countries to become Parties. IE/PAC, within its means, should provide technology information to those countries.

50. The Coordinator of the Ozone Secretariat requested the Executive Committee to consider reimbursing expenditures incurred in preparing country programmes before the countries in question became Parties. If work could commence before a country became a Party, the process would be accelerated.

51. The Chief Officer stated that the Executive Committee had previously decided that in certain cases retroactive financing of activities could be considered only in the event that such an activity began after the country concerned had become a Party to the Protocol.

- UNIDO progress report

52. The representative of UNIDO introduced document UNEP/OzL.Pro/ExCom/11/12 and drew attention to events that had occurred subsequent to approval of its work programme, namely, the drafting of three projects for Jordan and discussions with China on the domestic refrigeration and tobacco sectors. Since the entire tobacco sector was missing in the China country programme, UNIDO had agreed with the Government of China that an amendment would be prepared and submitted to the Executive Committee for approval and thereafter would formulate projects for the Fund's consideration.

53. One representative requested UNIDO to ensure that workshops covered more than one alternative technology as manufacturers wished to be informed about all the possibilities.

54. Another representative asked UNIDO to supply revised dates for project completion.

55. One representative urged UNIDO to work more extensively with small businesses, as it had originally envisaged, and to ensure that its efforts in China's refrigeration sector did not duplicate the efforts of the other implementing agencies.

56. In response, the representative of UNIDO stated that presentation of a particular technology at a workshop did not imply that it was the preferred technology. The choice of a particular technology was based on the specific situation of each plant, and UNIDO always emphasized that in its field operation. Regarding China, in view of the large scale of the refrigeration industry, there was little fear of duplication of activities. With regard to the small-scale sector, UNIDO would prepare a strategy to phase out ODS in that sector.

- World Bank progress report

57. The representative of the World Bank introduced document UNEP/OzL.Pro/ExCom/11/13 and outlined the following developments that had occurred since the document had been issued: the first umbrella agreement with Thailand had been prepared for signature, publication of a monthly newsletter detailing implementation activities, preparation of a progress report for the Parties on the first two years of operation, and the conclusions of the recent meeting of the Ozone Operations Resource Group (OORG).

58. One representative pointed out that the amounts disbursed continued to be very low in the case of investment projects. He asked for the reasons and whether it was possible to accelerate such disbursements in the future.

59. Another representative stressed that the Bank should focus on projects which were the most cost effective and should pay equal attention to development of technology and transfer of technology. In that connection, another representative urged the Bank to involve more experts from developing countries in all its expert groups so that the Bank's assessments would represent balanced views.

60. One representative said that the submission of country programmes and projects should not await the conclusion of an umbrella agreement; they were quite separate elements.

61. In reply, the representative of the World Bank said that it had been the Bank's intention first of all to build a solid foundation and now that had been done, the pace of disbursement could be accelerated. Regarding cost effectiveness, he said that experts in the OORG presented the technologies which they deemed most appropriate in the various sectors. The OORG was receptive to technologies developed all over the world, including in developing countries. The increase in the work of the OORG meant that it would have to expand its number of consultants and it would certainly look for experts in the developing countries. Concerning umbrella agreements, he said that they represented a purely legal framework elaborated in order to speed up procedures and the Bank did not intend to await their conclusion before submitting projects.

(b) Work programme amendments

- 1993 UNDP Work programme amendments

62. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/11/14 and UNEP/OzL.Pro/ExCom/11/14/Corr.1, and drew attention to the fact that two projects in China, one at the Danshui Huaya Plastics Industries Company and one involving the testing of vacuum insulation panels, had been withdrawn; he recommended that a decision on two projects in Egypt, the Arab Packaging Products Company and Interfood Packaging, be deferred, and that the Executive Committee should consider the development of a policy regarding projects which would not occur without Fund assistance but where net incremental savings might result in insufficient financing to implement projects.

63. One representative believed that the Thermaflex Insulation Asia Company project in Thailand raised the serious issue of whether recurrent incremental costs were to be calculated by using the growth demand forecast or by using the constant present production levels, and requested the Secretariat to prepare a paper for consideration in respect of the project's applicability for future projects.

64. Another representative queried whether a consistent approach was being followed in terms of technical evaluation of projects, and requested the Executive Committee to address the issue. The representative of UNDP, however, felt that that was unnecessary since investment projects already had independent technical evaluations while technical assistance requests were thoroughly discussed with the Fund Secretariat.

65. The representative of UNDP stated that the Danshui Huaya Plastics Industries Company project would be reformulated after consideration of alternative technological options and would be resubmitted at the Twelfth Meeting. The project on a blend of Halon-1211 and carbon dioxide in China had been deferred pending a policy decision on whether halon blends should be supported when 100 per cent non-halon alternatives were available.

66. The representative of UNDP also stated that Egypt had decided to defer the Arab Packaging and Interfood Packaging foam projects. Due to the significant negative impact of potential operational savings, projects which eliminated large amounts of ODS were less likely to be supported by the Fund than projects which eliminated smaller amounts of ODS. He requested a policy decision by the Executive Committee to cover such projects.

67. The representative of UNDP also stated that the requested project preparation funds for Egypt, amounting to US \$75,000, would be funded from savings under UNDP's 1991 work programme in Egypt.

68. Several representatives requested policy guidance from the Executive Committee in relation to projects which might possibly realize financial benefit, in which case there would be no incremental costs. However, the companies in question were not prepared to take the risk and consequently declined to undertake projects.

69. One representative urged the Executive Committee to consider a small-loans facility for such projects.

70. The Executive Committee requested the Fund Secretariat to prepare a policy guidance paper on how to deal with projects that might realize net incremental savings.

71. The Executive Committee approved the amount of US \$3,846,330, for the following amendments to the UNDP work programme, including US \$442,500 support costs:

| <u>Country</u> | <u>Project</u> | <u>Approved amount US \$</u> |
|----------------|---|------------------------------|
| Brazil | Project preparation assistance | 100,000 |
| China | Conversion to CFC-free technology in the manufacture of rigid PUF (Spray) at Beijing Commercial Machinery Factory (BCMF). | 435,000 |
| | National product qualification and standards evaluation for non-ODS alternatives to CFC applications (with the proviso that no quality control equipment would be funded for producers of substitute chemicals in the future) | 362,500 |

| <u>Country</u> | <u>Project</u> | <u>Approved amount US \$</u> |
|----------------|--|------------------------------|
| | Survey and development of a national policy to promote CFC recovery and recycling in China | 100,000 |
| | Project preparation assistance | 100,000 |
| Egypt | Conversion to CFC-11 free technology in the manufacture of rigid PUF at Specialized Engineering Contracting Company (SECC) | 85,000 |
| | Conversion to CFC-11 free technology in the manufacture of flexible PUF at Horse Foam Company | 385,000 |
| | Project preparation assistance | (75,000) |
| Guatemala | Project preparation assistance | 30,000 |
| India | Survey of ODS use in the small-scale (including tiny) and informal sectors, data base generation and ODS transition management planning | 120,000 |
| Indonesia | Project preparation assistance | 100,000 |
| Malaysia | Elimination of CFC-12 in the manufacture of extruded polystyrene and polyethylene foam sheet at Associated Air-Pack Industries | 234,000 |
| | Elimination of CFC-11 in the manufacture of pre-insulation pipe, panel and slabstock PUF at Insafoam Insulation Company | 310,000 |
| | Elimination of CFC-11 in the manufacture of integral skin PUF at Island Resources Company | 230,000 |
| | Conversion of metal cleaning processes from TCA (methyl chloroform) solvents to non-ODS organic solvents at Ngai Cheong Metal Industries | 63,480 |

| <u>Country</u> | <u>Project</u> | <u>Approved amount US \$</u> |
|------------------|--|------------------------------|
| | Elimination of the use of TCA (methyl chloroform) in home appliance parts manufacturing at Matsushita Electric Company, Main Plant | 113,570 |
| | Elimination of the use of TCA (methyl chloroform) in home appliance parts manufacturing at Matsushita Electric Company, Port Klang Plant | 173,280 |
| Mexico | Project preparation assistance | 50,000 |
| Panama | Project preparation assistance | 30,000 |
| Philippines | Project preparation assistance | 50,000 |
| | Survey of ODS usage, data base generation and technical assistance for ODS phase-out for small-scale enterprises using ODS | 100,000 |
| Thailand | Elimination of CFC-114 in the manufacture of extruded polystyrene foam sheet and profiles at Thermaflex Insulation Asia Company | 220,000 |
| Venezuela | Finalization of the Venezuela Country Programme | 12,000 |
| Sub-total | | 3,403,830 |
| | 13 per cent project support costs | 442,500 |
| Total | | 3,846,330 |

- 1993 UNEP work programme amendments

72. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/15.

73. The Executive Committee approved the amount of US \$546,930 for the following amendments to the UNEP work programme, including US \$85,930 support costs.

- Assistance in formulating the country programmes of:

| | <u>Approved amount US\$</u> |
|-------------------|-----------------------------|
| Antigua & Barbuda | 30,000 |
| Bahamas | 40,000 |

| | |
|--|----------------|
| Peru | 50,000 |
| Seychelles | 30,000 |
| Niger | 40,000 |
| Guinea | <u>40,000</u> |
| | 230,000 |
| - Completion of country programmes for Sudan, Côte d'Ivoire, Senegal and Tanzania (10,000 x 4) | 40,000 |
| - Translation of country programme reports (10 reports x US \$3,000) | 30,000 |
| - Institutional strengthening projects | |
| - Cameroon | 161,000 |
| Sub-total | 461,000 |
| 13 per cent project support costs | 59,930 |
| Support cost of the information dissemination project proposal in Philippines | 26,000 |
| Total | 546,930 |
| - <u>1993 UNIDO work programme amendments</u> | |

74. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/16, with the Secretariat's recommendation that the total allocation be approved.

75. The observer for Greenpeace pointed out that the investment project in the refrigeration sector in Kenya raised wider policy issues relating to changes to transitional substances. Specifically, she wanted to know whether the full cost of converting to non-ODS had been calculated, and asked that those calculations be shown in the project summary.

76. The Executive Committee approved the amount of US \$808,939, including US \$93,064 for support costs for the following amendments to the UNIDO work programme:

| <u>Country</u> | <u>Project</u> | <u>Approved amount US \$</u> |
|----------------|---|------------------------------|
| Argentina | Preparation of investment projects on CFC phase-out at BANDEX, S.A. and CELPAK, S.A., and rigid polyurethane foams at PRENSIPLAST | 35,000 |
| Cameroon | Preparation of an investment project proposal for phase-out of CFCs at FAEM | 20,000 |

| <u>Country</u> | <u>Project</u> | <u>Approved amount US \$</u> |
|-----------------------------------|--|------------------------------|
| Global | Development of a strategy for the phasing-out of ODS in low ODS-consuming countries | 100,000 |
| Kenya | CFC Phase-out Project at Kenya Cold Storage Ltd | 380,875 |
| Nigeria | Preparation of CFC phase-out strategy for refrigeration and air conditioning industries and services | 100,000 |
| Romania | Preparation of Country Programme | 80,000 |
| Thailand | CFC recovery in MAC | 0 |
| Sub-total | | 715,875 |
| 13 per cent project support costs | | 93,064 |
| Total | | 808,939 |

77. It also requested that a breakdown of costs involved in changes to transitional substances be given to the extent possible in the Kenya project.

- 1993 World Bank work programme amendments

78. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/11/17 and UNEP/OzL.Pro/ExCom/11/17/Corr.1. He noted that land costs were not included in the recommendation for approval. Also, he informed the Committee that the Government of India had requested the Secretariat to inform the Committee that it did not wish the request for US \$100,000 for the user sector pre-investment study in India to be approved. The representative of the World Bank informed the Committee that the Bank was discussing the issue with the Government of India.

79. The representative of UNEP said that, at the request of the Philippines Government, US \$200,000 should be transferred from the World Bank to UNEP for the implementation of the Philippines information project approved at the Ninth Meeting.

80. There then followed a general discussion on the issue of whether allocations for the purchase of land should be included in the amounts for approval. One observer admitted that one or two projects had not been submitted because the purchase of land had been involved. He then brought up the issue of the implementing agencies' third party liability in the event of an explosion on land which had been purchased in a heavily populated area.

81. Several representatives urged a case-by-case approach to the issue and requested a policy paper on land purchase from Fund resources.

82. The Executive Committee approved the amount of US \$562,520 for the following amendments to the World Bank work programme:

| <u>Country</u> | <u>Project</u> | <u>Approved amount US \$</u> |
|----------------|--|------------------------------|
| India | User-sector pre-investment studies | 100,000 |
| Pakistan | Project identification and preparation | 100,000 |
| Philippines | User-sector project identification and preparation | 150,000 |
| Slovenia | Country programme and user sector pre-investment studies | 150,000 |
| India | Aero Pharma Aerosol Conversion | 62,520 |
| | Total | 562,520 |

83. It also approved the transfer of US \$200,000 from the World Bank to UNEP for the information dissemination project in the Philippines approved at the Ninth Meeting of the Executive Committee and requested the Treasurer's disbursements to the implementing agencies concerned to take into account this adjustment.

Agenda item 6: Country programmes:

- (a) Algeria;
- (b) Burkina Faso;
- (d) Senegal;
- (e) Syria;

84. The representative of UNEP introduced the country programmes of Algeria (UNEP/OzL.Pro/ExCom/11/18), Burkina Faso (UNEP/OzL.Pro/ExCom/11/19), Senegal (UNEP/OzL.Pro/ExCom/11/21 and Corr.1), and Syria (UNEP/OzL.Pro/ExCom/11/22). He said that preparation of the country programmes of Algeria and Senegal had begun before those countries had become Parties and that three of the four country programmes had been prepared by consultants from developing countries.

85. The Chairperson invited the representative of Algeria to present the Algerian country programme.

86. The Executive Committee approved the country programme of Algeria. However, approval did not denote approval of the projects listed therein or their funding levels. It also approved the amount of US \$335,610, including US \$38,610 support costs, for institutional strengthening as an amendment to UNEP's 1993 Work Programme.

87. The Executive Committee approved the country programme of Burkina Faso.

However, approval did not denote approval of the projects listed therein or their funding levels. It also approved the amount of US \$157,635, including US \$18,135 support costs, for the following projects to be included as amendments to UNEP's 1993 Work Programme:

| | |
|--|-------------|
| Institutional strengthening | US \$83,500 |
| Customs training | US \$14,500 |
| Training for refrigeration repairs technicians | US \$41,500 |

88. The Executive Committee approved the country programme of Senegal. However, approval did not denote approval of the projects listed therein or their funding levels. It also approved the amount of US \$292,670, including US \$33,670 support costs, for the following projects to be included as amendments to UNEP's 1993 Work Programme:

| | |
|---|--------------|
| Establishment of ozone office | US \$175,000 |
| Training and upgrading of repair technicians | US \$ 58,000 |
| Expansion and upgrading of statistics network for customs | US \$ 26,000 |

89. The Executive Committee approved the country programme of Syria. However, approval did not denote approval of the projects therein or their funding levels. It also invited the Government of Syria, in collaboration with UNEP, to identify an implementing agency or agencies for the purpose of developing the aerosol and foam sector projects.

(c) India

90. The representative of UNDP introduced the country programme of India (UNEP/OzL.Pro/ExCom/11/20 and Add.1).

91. At the invitation of the Chairperson, representatives from India presented the country programme of India, highlighting its unique features. The head of the Indian delegation made the following statement:

"The Indian Government has taken note of the comments of the Fund Secretariat and wishes to clarify that it regards the approval of the country programme as the first step in a process. As the Executive Committee has recognized, the dynamic nature of the country programme means that there would always be some areas where the implementation of the programme at any point leaves some information open which will be bridged as the process of implementation evolves with the advance of science and the development, availability and access to new technologies. The country programme presented by India includes the contours of the strategy and broad orders of magnitude of consumption of ODS, estimated costs and the need for fiscal and market based approaches. These have to mesh with points of concern internal to India. If this is approved, it would be possible to engage in further surveys and dialogue with industries to make a very detailed estimate of ODS phase-out, and projects for phase-out in the short and the long run. Trying to accelerate the phase-out will also be contingent on the availability of funds and technology for projects as visualized in the Protocol. We are confident that when this is assured, faster phase-out and cost effective ways which have already been contemplated in the country programme, will be further refined. Measures for regulation for providing fiscal incentives for the phase-out of ODS will also be considered in step. After the survey of small scale and informal sectors has been made

and further details worked out, we will come to the Executive Committee and inform them about the implementation programme."

92. Some representatives did not think that the country programme was comprehensive enough and requested that additional information such as the assessment of the informal sector and a structured plan of action be included.

93. Several representatives expressed concern at the projected increase in consumption up to the year 1997.

94. One representative pointed out that every country was entitled to formulate its strategy and approach in its phase-out programme within the framework of the Protocol, including the utilization of the full grace period. He stressed that the Executive Committee was not entitled to dictate its terms to India, but could provide advice and guidance on areas in which the Executive Committee could provide funding to meet the objectives of the Montreal Protocol.

95. Several representatives considered that the programme represented an encouraging sign of India's determination to make progress in phasing out ODS and suggested that it be approved on condition that additional information be included at a later stage.

96. While recognizing the validity of the Secretariat's comments, the Executive Committee decided to approve the India country programme documentation as a first step in the development of a comprehensive phase-out strategy subject to the following:

1. The country programme documentation would be revised to incorporate:
 - (a) the substantive information provided by India to the Secretariat prior to the Eleventh Meeting of the Executive Committee and included in the presentation provided by India at that meeting;
 - (b) an adjustment of the programme in response to the Secretariat's comments on the country programme documentation; and
 - (c) the results of the survey of the small and informal sector, including an identification of projects and specific time-frames for phase-out.

This revision should be submitted to the Executive Committee for approval at a subsequent meeting of the Executive Committee.

2. Approval of the country programme did not denote endorsement or approval of any projects or funding levels outlined therein.
3. The Executive Committee further requested India to consider:
 - (a) an accelerated phase-out together with the associated costs; and

- (b) avoidance of the start-up of new production of halons or other ODSs together with a determination of the associated costs in doing so.

While accepting the decision which was taken by the Executive Committee, the representative of Brazil supported India's country programme and stated that the refinements that would be presented by the Indian Government in the future would be regarded as such by Brazil.

(f) Thailand

97. The representative of the World Bank introduced the country programme of Thailand (UNEP/OzL.Pro/ExCom/11/23/Rev.1).

98. The Executive Committee approved the country programme of Thailand and requested that account be taken of the comments in the Evaluation Sheet during its implementation.

Agenda item 7: Project Proposals

(a) Egypt

99. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/24.

100. The project, "Conversion to CFC-11 free technology in the manufacture of flexible PUF at Dekheila Chemical Industries Corporation" would cost US \$650,000 and result in the elimination of 130 ODP tonnes of CFC-11 with a cost effectiveness of US \$5.00 per Kg. ODP saved.

101. The Executive Committee approved the amount of US \$734,500 for the projects, including US \$84,500 for 13 per cent support costs for UNDP as the implementing agency of the project on the condition that UNDP took account of the project operating cost during implementation.

(b) India

102. The Chief Officer introduced documents UNEP/OzL.Pro/ExCom/11/25 and UNEP/OzL.Pro/ExCom/11/25/Add.1, which covered the following project proposals to be implemented by the World Bank:

1. Modification of CFC-12 mobile air conditioning manufacturing for HFC-134a (Subros Limited);
2. Application development for the conversion of CFC-11/Polyol systems to low/non-ODS formulations (Manali Petrochemical Ltd.)
3. Applications development for the conversion of CFC-11/Polyol systems to low/non-ODS formulations (UB Petroproducts);

4. Replacement of CFC-11 blowing agent in polyurethane (PU) System with low and non-ODS materials (Expanded Incorporation);
5. IICT, Hyderabad, Basic data development - HFC-134a process.

103. The Executive Committee decided the following:

- Project 1: to approve the amount requested (US \$1.71 million) with the understanding that the cost estimates would be reassessed during the final appraisal and the Committee be so informed;
- Project 2: to approve funding the cost of the technology transfer (US \$ 219,000) on the condition that the estimate would be verified during appraisal;
- Project 3: to approve funding of the technology transfer component of the project in the amount of US \$200,000 subject to verification of costs;
- Project 4: that the project be revised to eliminate the ineligible cost items and that the World Bank be granted permission to proceed with further development of the project as part of a strategy covering all producers of foam chemical systems in India;
- Project 5: to defer the decision on the IICT project pending the development of policy guidelines on production of substitutes taking into consideration strategies for the development of indigenous technologies and the utilization of imported technologies.

(c) Indonesia

104. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/26 and Corr. 1, which covered six projects for which the World Bank was seeking final approval.

105. The Executive Committee approved the following six projects for implementation by the World Bank, subject to the Secretariat's comments as noted in document UNEP/OzL.Pro/ExCom11/26 and Corr.1 and on condition that low pressure equipment which would be replaced should be destroyed where applicable:

- (i) Elimination of CFC-11/12 by the Tulus Company in the manufacture of extruded polyethylene and polystyrene foam sheet: US \$416,000;
- (ii) Elimination of CFC-12 by the Intitri Muliatama Company in the manufacture of extruded polyethylene and polystyrene foam sheet: US \$387,000;
- (iii) Elimination of CFC-11 by the Dasa Windu Agung Company in the manufacture of polyurethane foams: US \$1,733,000;
- (iv) Elimination of CFC-11 by the Foamindo Industri Uretan Company in the manufacture of flexible polyurethane foam: US \$176,000;

- (v) Technical assistance programme for small CFC users in the flexible polyurethane foam sector: US \$1.6 million;
- (vi) Safety and technical programme to assist manufacturers of hydrocarbon-propelled aerosol products: US \$238,000.

(d) Iran

106. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/27, covering the following project to be implemented by UNIDO in two phases:

Conversion of domestic refrigerator production facilities to phase out CFC-11 and CFC-12 at Arj, Azmayesh, Bahman, Iran Poya and Pars Appliances.

107. The observer for Greenpeace expressed concern at a project which funded technologies based on HFC-134a and HCFC-141b. She also wanted to see UNIDO use some flexibility in the cost-effectiveness calculations; she urged that cost comparisons of different options should take into account all interim steps leading to the final non-ODS solution. Several participants concurred on the latter point, although, one representative felt that, for the moment at least, if ODS were to be reduced, HCFCs would occasionally have to be used.

108. One representative drew the attention of the Executive Committee to the need to be pragmatic and to strike a balance between availability of viable substitutes and the pressing need to phase-out ODS speedily. He requested those members who supported more expensive substitutes for projects to support greater allocations for the next few years as the US \$510 million did not provide for such expensive alternatives.

109. Another representative wanted to know whether HCFC-141b would be used in the future.

110. The representative of the World Bank requested clarification on the limitation to one year of the incremental recurrent costs, believing that, to date, the framework of operations was for four years. Another representative stated that at the last meeting, the time-limit had been stipulated as up to four years.

111. The Executive Committee approved phase I of the project in the amount of US \$3,648,086 including 15 per cent contingency and 13 per cent support costs of US \$419,691 for UNIDO. It further granted UNIDO permission to proceed with the development of phase II of the project. The Committee, however, did not endorse the Secretariat's recommendation that the recurrent cost calculation used in phase I of the project should be used in similar projects in future and decided to continue a case-by-case review of recurring incremental costs depending on merit. Several representatives recognized that the Fund might not be able to support excessive requests in the future.

112. Several representatives expressed concern at the level of contingency costs, assessed at 15 per cent for most of the projects. One representative drew attention to the impact on the Fund of a 15 per cent contingency cost and an additional 13 per cent agency support cost (charged by UNDP, UNEP and UNIDO) applied to project costs. Several representatives stressed that contingencies should be considered as such and not as automatic drawing rights.

Another representative requested the Secretariat to carry out some research on levels of contingency cost in international investment projects and report back to the Executive Committee.

(e) Malaysia

113. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/28.

114. The Executive Committee approved the following project for implementation by UNDP:

KEY ASSET SDN.BhD elimination of CFCs in the manufacture of integral skin polyurethane foam in the amount of US \$779,700 including US \$89,700 support costs.

(f) Venezuela

115. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/30.

116. The Executive Committee approved the following two projects to be implemented by the World Bank:

1. FAACA, mobile air conditioner factory conversion for fabrication of HFC-134a heat exchangers in the amount of US \$3.48 million;
2. AAISA, automobile air conditioner factory conversion for assembly of HFC-134a compressors in the amount of US \$620,000.

117. The Executive Committee further recommended that implementation of those two plants should not result in an additional production capacity.

Agenda item 8: Issues related to the Fifth Meeting of the Parties

(a) The impact of the non-committed resources at the end of 1993 on the 1994-1996 assessments

118. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/31 and Corr.1 which contained five scenarios based on the different interpretations of "non-committed resources".

119. After extensive discussion in which some representatives expressed support for one or other of the five scenarios outlined in the document, the Executive Committee decided to transmit to the Fifth Meeting of the Parties all five scenarios as presented in the revised version of document UNEP/OzL.Pro/ExCom/11/31/Rev.1 which is attached to this report as Annex IV.

(b) Clarification of the eligible methods of payment in an effort to ensure that pledged funds are available when they are needed for implementation of approved projects.

120. The Treasurer of the Fund introduced the Discussion Paper from the Treasurer on

Promissory Notes within the context of the Multilateral Fund (UNEP/OzL.Pro/ExCom/11/7).

121. Several representatives expressed their appreciation of the efforts made by the Treasurer in preparing the paper.

122. Several representatives emphasized that the Committee should ensure that, when accepting different methods of payment, an equitable balance should be established between contributions in cash and those made in promissory notes encashable over several years.

123. A number of representatives emphasized that the schedule of encashment should allow funds to be drawn down whenever they were required. One representative pointed out that encashment schedules would be determined by the Executive Committee, which would retain the right to accelerate or slow down encashment if necessary or appropriate. Another representative wondered how the Treasurer could be expected to establish a schedule of encashment if he did not know how many donors were going to pay in promissory notes and how many in cash.

124. Several representatives insisted that existing promissory notes should all be encashed before cash covering 1994 contributions or any new promissory notes were utilized.

125. One representative pointed out that legislation in some countries did not permit promissory notes to be drawn up in United States dollars, therefore, they could be drawn up in any convertible domestic currency and the portion encashed converted into United States dollars at the exchange rate prevailing on the date they were drawn up. If it appeared at the end of the encashment period that the dollar equivalent was in excess or below the country's contribution, adjustments could be made.

126. The representative of UNDP said that his organization did not have any provision for dealing with promissory notes and the representative of UNIDO stated that the relation between the Executive Committee and UNIDO was on a cash basis. In response, one representative said that the implementing agencies would not be called upon to encash the notes themselves but would receive cash transfers from the Fund as before. Another representative pointed out that his country already made its contributions in promissory notes to other Funds in which UNDP and UNEP participated.

127. One representative expressed the view that promissory notes would eliminate any interest earnings on cash contributions and asked what happened to the interest earned. The representatives of the implementing agencies explained that interest earned was credited to the Fund.

128. The Executive Committee decided that, in the future, promissory notes did constitute committable resources and that the deposit of a promissory note would be considered to be payment of a country's contribution to the Fund. Promissory notes would be encashed on a fixed schedule with the option of accelerated encashment on demand by the Treasurer in light of needs on a pro rata basis. If there was a need for an accelerated encashment, notes deposited prior to 1994 should be encashed before accelerated encashment of notes deposited in 1994 or after was required. The scheduling of draw down from 1994 promissory notes would begin in 1995. If the notes deposited before 1994 were encashed in totality in 1994, the draw down from 1994 promissory notes could begin in 1994.

129. The Treasurer would submit a draft schedule of promissory notes at the next meeting of the Executive Committee, taking into account the preceding paragraph.

130. The Executive Committee noted that those contributing in cash could determine when to pay their contributions within the year during which they were due.

(c) Draft report of the Executive Committee to the Fifth Meeting of the Parties

131. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/33.

132. After a short discussion, the Executive Committee approved the draft report, subject to its updating subsequent to the decisions adopted at the Eleventh Meeting.

Agenda item 9: Streamlining the Executive Committee's review process: Discussion papers from the Fund Secretariat and the United States and Canada

133. The Chief Officer introduced the Fund's Secretariat discussion paper contained in document UNEP/OzL.Pro/ExCom/11/34.

134. The representative of the United States introduced the discussion paper prepared by the United States and Canada included in the same document.

135. The representative of the World Bank introduced a paper the Bank had distributed to representatives during the meeting.

136. The Executive Committee considered each recommendation proposed by the Fund Secretariat in document UNEP/OzL.Pro/ExCom/11/34.

137. With regard to Recommendations 1 and 3 on documentation, several countries stated that they wished to receive full documentation on country programmes and project proposals.

138. The Executive Committee agreed that project proposal background material would always be made available upon request and at meetings of the Executive Committee.

139. Several representatives considered Recommendation 5 to be one of the most important recommendations. However, one representative stated that approval of projects on a non-objectional basis should only be given in exceptional circumstances, when time was a serious factor.

140. There was extensive discussion of Recommendation 6.

141. Some representatives considered that the provision in Recommendation 6 that members of the Executive Committee should not discuss their own countries' projects prevented countries from defending their interests when necessary. However, another representative stated that, provided that the country was present to give clarification when required - as allowed for in the Recommendation - its adoption would not harm a country's interests. One representative said that there should be no reason why a representative could not speak on his country's behalf. Other representatives, however, felt that the Recommendation was

reasonable. In view of the strong objections another representative stated that the adoption of the Recommendation might seriously disadvantage certain developing countries, the Executive Committee did not endorse it.

142. One representative stressed that members of the Executive Committee had the right to express their views. There would be occasions when matters of principle and policy arose during discussion of projects relating to their particular countries and they should be allowed to make their views known.

143. Several representatives expressed concern regarding Recommendation 9 and one representative considered that it was too early to establish the proposed sub-committee. However, another representative believed that the proposed sub-committee might prove helpful. Another representative stated that non-objectional approval should be tested before establishing the sub-committee.

144. One representative felt that Recommendation 10 was pertinent, as past policy guidance was very useful with a view to facilitating consistency in the future decision-making of the Executive Committee, taking into account its changing composition. One representative suggested that the Secretariat should prepare an overview of past policy decisions and Executive Committee practice.

145. Several representatives expressed particular support for Recommendation 12.

146. A number of points were raised regarding the discussion paper by the United States and Canada.

147. One representative felt that the OORG already did a good job, and was the model to be copied by each agency in attempting to improve their procedures for technical review of projects. He also expressed the view that observers should not participate in OORG meetings.

148. One representative supported the proposal that any new technical review group should be co-chaired by a representative of the implementing agencies and the Chief Officer of the Fund.

149. Several representatives expressed concern that the new technical group might not operate independently, others thought that it might lead to conflict of interest and would usurp the role of the Executive Committee and the Fund Secretariat. One representative pointed out that, at the moment OORG provided technical advice on 70 per cent of the projects considered by the Executive Committee, although the Executive Committee had no control over that activity. Under the new proposal, the Executive Committee would at least have some control.

150. One representative observed that if each implementing agency had its own OORG, the expense would be prohibitive. Another representative stated that that would simply create a plethora of format standards, whereas one of the current aims was to create a standard format for technical reviews.

151. The representative of UNDP stated that his organization had no intention of creating its own OORG because it already retained consultants to provide technical advice.

152. The representative of UNIDO stated that his organization had in-house technical expertise to review projects prepared by UNIDO.

153. The representative of UNEP noted that two roles were assigned to the OORG in the paper submitted by the United States and Canada, namely, advice on investment projects presented by agencies and policy guidance on technical matters. She wondered whether the same body should perform the two tasks and whether the same expertise was required in both. In any event, working modalities should be more clearly defined to ensure fully transparency and reflection of all points of view. She considered that it should be chaired by the Fund Secretariat for policy issues and co-chaired on a rotating basis for the review of investment projects.

154. An observer, speaking on behalf of Friends of the Earth and Greenpeace, emphasizing the importance of technical reviews, felt that the OORG should involve sufficient people with experience in not-in-kind alternatives. The new review body should also have a single chairman from the Fund. The latter idea was supported by several other representatives.

155. Some representatives wished to see the new body include a sufficient number of experts from developing countries.

156. The Executive Committee decided the following:

1. Documentation for country programmes distributed to all Committee members might be limited to country programme cover sheets, executive summaries, and Fund Secretariat comments, although the full country programme would be made available upon request.
2. Implementing agencies and the Fund Secretariat should meet in December to consider work programme activities for the following year and to establish their relation to the three-year plan and budget.
3. Documentation for project proposals distributed to all Committee members should be limited to the executive project summary, the technical review and response, and the Fund Secretariat's comments although project proposal background material will be made available upon request.
4. Projects for which all issues had been resolved in advance of Committee meetings might be submitted for blanket approval.
5. Approval on a non-objectional basis should be adopted by the Committee and implementing agencies should be encouraged to submit proposals for non-objectional approval.
6. Consultants used in the preparation of proposals should not be allowed to review them.

7. Implementing agencies and the Fund Secretariat should develop a standard format for technical reviews for the Executive Committee's consideration at its next meeting.

8. The Executive Committee should establish a sessional Project Review Sub-Committee when deemed necessary.

9. Conclusions of the Executive Committee on policy issues arising out of projects were to be considered as guidance in the development of future project proposals.

10. Policy issues should be presented for consideration of the Executive Committee by the Fund Secretariat to the earliest available Committee meeting as part of a separate agenda item on policy issues.

11. The Fund Secretariat should prepare a meeting overview paper for distribution to Committee members before Committee meetings.

157. The Executive Committee also decided to request the Fund Secretariat and the implementing agencies to prepare a paper on the technical review of projects, taking into consideration the paper prepared by the United States and Canada, and to submit it to the Twelfth Meeting of the Executive Committee.

158. The Executive Committee decided to defer consideration of the paper introduced by the World Bank until the Twelfth Meeting of the Executive Committee to give members sufficient time to consider its recommendations.

Agenda item 10: Draft Report on Strategic Options for Retrofitting of Mobile Air Conditioners, Chillers and Domestic Refrigerators

159. The Chief Officer introduced document UNEP/OzL.Pro/ExCom/11/35.

160. The Executive Committee took note with great appreciation of the report on strategic options for retrofitting of mobile air conditioners and chillers.

161. Several representatives expressed the view that, despite the contribution made by the draft report, the Secretariat should consider more fully the possibility that retrofitting of chillers and mobile air conditioners might be more economically and technically advantageous in developing countries than foreseen in the report.

162. After a full discussion of those and other issues, the Executive Committee requested the Secretariat to revise and expand the interim report, incorporating the comments made during the discussion and present it to the Twelfth Meeting of the Executive Committee.

Agenda item 11: Other Matters

163. The representative of Norway circulated a paper from Austria and Switzerland and requested the Executive Committee to take into full consideration their recommendations regarding the use of transitional substances in the light of cost effectiveness, environmental

impact considerations, and principles of sustainable development. His delegation had raised the same issue in relation to several project proposals at earlier sessions of the Executive Committee. Several delegations expressed their sympathy with the views expressed but felt that the matter would be dealt with more appropriately by the Meeting of the Parties.

164. After extensive discussions on the related issues, the Executive Committee requested the Secretariat, in consultation with the implementing agencies, to examine more fully the issues related to the cost effectiveness of transitional substances and present a report to the Executive Committee at its Twelfth Meeting.

165. The Executive Committee considered that issues related to the use of transitional substances were of a broader policy nature and suggested that the issue be brought to the attention of the Parties.

IV. ADOPTION OF THE REPORT

Agenda item 12: Adoption of the report

166. The Executive Committee adopted the present report, on the basis of the draft report contained in documents UNEP/OzL.Pro/ExCom/11/L.1, Add.1 and Corr.1 at its closing session on 12 November 1993.

V. DATE AND PLACE OF THE TWELFTH MEETING OF THE EXECUTIVE COMMITTEE

Agenda item 13: Date and place of the Twelfth Meeting of the Executive Committee

167. The Committee decided to hold its Twelfth Meeting at Montreal from 28 to 30 March 1994.

VI. CLOSURE OF THE MEETING

168. Following the customary exchange of courtesies, the Chairman declared the Eleventh Meeting of the Executive Committee closed.

ANNEX I

MULTILATERAL FUND

FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Status of the Fund as at 12 November 1993

| | US dollars |
|-------------------------------|--------------------------|
| INCOME | |
| Contributions received | 153,574,997 ¹ |
| Approved Bilateral Assistance | 4,415,175 |
| Interest | 2,051,741 |
| Miscellaneous income | 1,442,103 |
| TOTAL | 161,484,016 |
| DISBURSEMENTS | |
| UNDP | 26,656,828 |
| UNEP | 8,158,357 |
| UNIDO | 6,843,108 |
| World Bank | 86,138,360 |
| Approved Bilateral Assistance | 4,415,175 |
| Secretariat(1991-1993) | 6,543,026 |
| Programme support(1991-1993) | 284,452 |
| TOTAL | 139,039,306 |
| BALANCE AVAILABLE | 22,444,710 |

¹ Bilateral co-operation contributions as approved by the Executive Committee, are as follows:

| | <u>1991</u> | <u>1992</u> | <u>1993</u> | <u>TOTAL</u> |
|-----------|----------------|------------------|------------------|------------------|
| Australia | - | 39,394 | 4,317 | 43,711 |
| Canada | - | - | 759,000 | 759,000 |
| Germany | - | 18,378 | - | 18,378 |
| Singapore | - | - | 31,976 | 31,976 |
| USA | <u>480,000</u> | <u>1,669,000</u> | <u>1,413,110</u> | <u>3,562,110</u> |
| | 480,000 | 1,726,772 | 2,208,403 | 4,415,175 |

TRUST FUND FOR THE MULTILATERAL FUND UNDER THE MONTREAL PROTOCOL

(as at 12 November 1993) (US dollars)

| Country | Unpaid Contributions as at 31.12.92 | Net Contributions for 1993 | Collection in 1993 | Unpaid Contribution for prev yrs | Unpaid Contribution for 1993 | Total unpaid Pledges |
|---------------------|-------------------------------------|----------------------------|--------------------|----------------------------------|------------------------------|----------------------|
| Australia | 0 | 2,007,550 | 1,698,798 | 0 | 308,752 | 308,752 |
| Austria | 625,456 | 999,272 | 625,456 | 0 | 999,272 | 999,272 |
| Bahrain | 29,457 | 39,971 | 0 | 29,457 | 39,971 | 69,428 |
| Belgium | 988,896 | 1,412,304 | 988,896 | 0 | 1,412,304 | 1,412,304 |
| Belarus | 486,043 | 639,534 | 0 | 486,043 | 639,534 | 1,125,577 |
| Brunei Darussalam | 0 | 14,127 | 0 | 0 | 14,127 | 14,127 |
| Bulgaria | 126,782 | 173,207 | 126,782 | 0 | 173,207 | 173,207 |
| Canada | 522,340 | 3,384,646 | 3,267,479 | 0 | 639,507 | 639,507 |
| Cyprus | 0 | 26,647 | 0 | 0 | 26,647 | 26,647 |
| Czechoslovakia | 418,394 | 732,799 | 0 | 418,394 | 732,799 | 1,151,193 |
| Denmark | 0 | 866,035 | 583,180 | 0 | 282,855 | 282,855 |
| Finland | 0 | 759,446 | 759,446 | 0 | 0 | 0 |
| France ² | 9,205,363 | 7,994,173 | 5,921,449 | 3,283,914 | 7,994,173 | 11,278,087 |
| Germany | 0 | 11,897,994 | 11,897,994 | 0 | 0 | 0 |
| Greece | 216,145 | 466,327 | 425,145 | 0 | 257,327 | 257,327 |
| Hungary | 309,300 | 239,825 | 0 | 309,300 | 239,825 | 549,125 |
| Iceland | 0 | 39,971 | 105,298 | 0 | (65,327) | (65,327) |
| Ireland | 0 | 239,825 | 0 | 0 | 239,825 | 239,825 |
| Israel | 0 | 306,443 | 174,853 | 0 | 131,590 | 131,590 |
| Italy | 1,082,074 | 5,715,834 | 2,134,721 | 0 | 4,663,187 | 4,663,187 |
| Japan | 0 | 16,587,909 | 9,618,492 | 0 | 6,969,417 | 6,969,417 |
| Korea, Rep. of | 0 | 919,330 | 0 | 0 | 919,330 | 919,330 |
| Kuwait | 0 | 286,549 | 0 | 0 | 286,549 | 286,549 |

² The Government of France has deposited Ffr 93 177 637,01 in a treasury bill current account at the Banque de France in the name of Montreal Protocol Multilateral Fund representing the equivalent of its 1991, 1992 and 1993 contributions. Of this amount, Ffr 32 936 034,27 equivalent to US \$5,509,448.67 has been encashed and deposited in the Multilateral Fund Account in New York as indicated in the table. The Government of France has indicated to the Treasurer that the balance will be made available to the Multilateral Fund according to the following encashment schedule - 30 June 1994: Ffr 18 635 527,40; 30 June 1995: Ffr 18 635 527,40; 30 June 1996: Ffr 14 362 422,45; 30 June 1997: Ffr 8 608 125,49.

| Country | Unpaid Contributions as at 31.12.92 | Net Contributions for 1993 | Collection in 1993 | Unpaid Contribution for prev yrs | Unpaid Contribution for 1993 | Total unpaid Pledges |
|-----------------------------|-------------------------------------|----------------------------|--------------------|----------------------------------|------------------------------|----------------------|
| Liechtenstein | 0 | 13,324 | 13,324 | 0 | 0 | 0 |
| Luxembourg | 0 | 79,942 | 50,713 | 0 | 29,229 | 29,229 |
| Malta | 21 | 13,324 | 13,345 | 0 | 0 | 0 |
| Monaco | 0 | 7,483 | 0 | 0 | 7,483 | 7,483 |
| Netherlands | 0 | 1,998,543 | 0 | 0 | 1,998,543 | 1,998,543 |
| New Zealand | 0 | 319,767 | 319,767 | 0 | 0 | 0 |
| Norway | 0 | 732,799 | 732,799 | 0 | 0 | 0 |
| Panama | 0 | 5,638 | 5,638 | 0 | 0 | 0 |
| Poland | 0 | 626,210 | 0 | 0 | 626,210 | 626,210 |
| Portugal | 265,115 | 266,472 | 0 | 265,115 | 266,472 | 531,587 |
| Russian Federation | 14,713,852 | 8,940,150 | 0 | 14,713,852 | 8,940,150 | 23,654,002 |
| Saudi Arabia | 0 | 756,928 | 0 | 0 | 756,928 | 756,928 |
| Singapore | 0 | 127,907 | 90,883 | 0 | 37,024 | 37,024 |
| South Africa | 0 | 546,268 | 546,268 | 0 | 0 | 0 |
| Spain | 0 | 2,638,077 | 0 | 0 | 2,638,077 | 2,638,077 |
| Sweden | 15 | 1,478,922 | 0 | 15 | 1,478,922 | 1,478,937 |
| Switzerland | 15 | 1,545,540 | 1,545,555 | 0 | 0 | 0 |
| Ukraine | 1,841,073 | 2,491,517 | 0 | 1,841,073 | 2,491,517 | 4,332,590 |
| United Arab Emirates | 279,843 | 279,796 | 0 | 279,843 | 279,796 | 559,639 |
| United Kingdom ³ | 3,714,654 | 6,688,458 | 3,720,635 | 0 | 6,682,477 | 6,682,477 |
| United States | 0 | 26,921,793 | 18,579,301 | 0 | 8,342,492 | 8,342,492 |
| Uzbekistan | 0 | 216,390 | 0 | 0 | 216,390 | 216,390 |
| TOTAL | 34,824,838 | 112,444,966 | 63,946,217 | 21,627,006 | 61,696,581 | 83,323,587 |

³ The Government of the United Kingdom has deposited a Promissory Note in an Account in the name of the UNEP Montreal Protocol Multilateral Fund at the Bank of England covering the balance of its pledge up to 1993 to the Multilateral Fund. The Government of the United Kingdom has indicated to the Treasurer the following schedule of encashment against this Promissory Note: December 1993 \$1,332,495; July 1994 \$1,332,495; December 1994 \$1,332,495; July 1995 \$1,332,495; December 1995 \$1,330,024.

ANNEX II**REVISED 1994 BUDGET OF THE FUND SECRETARIAT**

The Executive Committee at its third meeting considered the three-year budget for the Secretariat of the Multilateral Fund and "agreed that budgets for the second and third years ahead could not be formulated with precision at the present juncture and declared its intention to request the Chief Officer to present revised budgets for every year at the meeting of the Committee immediately preceding each calendar year" (UNEP/OzL.Pro/ExCom/3/18/Rev.1, paragraph 76).

Accordingly, the Secretariat has prepared the revised budget for 1994 as presented in this document. It may be noted that the Fourth Meeting of the Parties at Copenhagen approved a budget for 1994.

The net cost to the Multilateral Fund, as a result of this revised budget for 1994, amounts to US \$1,917,445. The cost for 1993, in comparison, amounted to US \$2,134,760.

**REVISED 1994 BUDGET OF THE FUND SECRETARIAT
(US DOLLARS)**

| Number | DESCRIPTION | W/M | 1994 |
|--------|---|-----|------------------|
| 10 | PROJECT PERSONNEL COMPONENT | | |
| 1100 | Project Personnel (Title & Grade) | | |
| 1101 | Chief Officer D.2 | 12 | 106,040 |
| 1102 | Deputy Chief Officer P.5 | 12 | 85,680 |
| 1103 | Deputy Chief Officer P.5 | 12 | 85,680 |
| 1104 | Programme Officer P.3 | 12 | 63,240 |
| 1105 | Programme Officer P.3 | 12 | 63,240 |
| 1106 | Programme Officer P.3 | 12 | 63,240 |
| 1107 | Programme Officer P.3 | 12 | 63,240 |
| 1108 | Information Officer P.3 | 12 | 63,240 |
| 1109 | Fund and Administrative Officer P.4 | 12 | 71,400 |
| 1199 | Total | | 665,000 |
| 1200 | Consultants | | |
| 1201 | Evaluations of Projects etc. | | 150,000 |
| 1299 | Total | | 150,000 |
| 1300 | Administrative Support (Title & Grade) | | |
| 1301 | Administrative Assistant G.9 | 12 | 43,860 |
| 1302 | Library Assistant G.7 | 12 | 36,100 |
| 1303 | Senior Secretary to Chief Officer G.7 | 12 | 39,780 |
| 1304 | Senior Secretary G.6 | 12 | 33,660 |
| 1305 | Senior Secretary G.6 | 12 | 33,660 |
| 1306 | Senior Secretary G.6 | 12 | 33,660 |
| 1307 | Senior Secretary G.6 | 12 | 33,660 |
| 1308 | Typist / Receptionist G.5 | 12 | 31,620 |
| 1309 | Registry Clerk G.4 | 12 | 25,500 |
| | Conference Servicing Costs | | |
| 1321 | 12th Executive Committee Meeting | | 90,000 |
| 1322 | 13th Executive Committee Meeting | | 90,000 |
| 1323 | 14th Executive Committee Meeting | | 90,000 |
| 1324 | 15th Executive Committee Meeting | | 0 |
| 1325 | 16th Executive Committee Meeting | | 0 |
| 1326 | 17th Executive Committee Meeting | | 0 |
| 1327 | 18th Executive Committee Meeting | | 0 |
| 1328 | 19th Executive Committee Meeting | | 0 |
| 1329 | 20th Executive Committee Meeting | | 0 |
| 1330 | 2 Sub-Committee Meetings | | 20,000 |
| 1399 | Total | | 601,500 |
| 1600 | Travel on official business | | |
| 1601 | Travel and perdiem (Staff) | | 120,000 |
| 19 | COMPONENT TOTAL | | 1,536,500 |
| 20 | CONTRACTS COMPONENT | | |
| 2100 | Sub-contracts | | |
| 2101 | Production of information materials | | 30,000 |
| 29 | COMPONENT TOTAL | | 30,000 |

| Number | DESCRIPTION | W/M | 1994 |
|--------|---|-----|----------------|
| 30 | MEETING COMPONENT | | |
| 3300 | Travel and DSA for participants (meetings) | | |
| 3301 | Chairman and Vice-Chairman | | 30,000 |
| 3302 | 12th Executive Committee (7 x 3 x \$ 3,500) | | 75,000 |
| 3303 | 13th Executive Committee (7 x 3 x \$ 3,500) | | 75,000 |
| 3304 | 14th Executive Committee (7 x 3 x \$ 3,500) | | 75,000 |
| 3305 | 15th Executive Committee (7 x 3 x \$ 3,500) | | 0 |
| 3306 | 16th Executive Committee (7 x 3 x \$ 3,500) | | 0 |
| 3307 | 17th Executive Committee (7 x 3 x \$ 3,500) | | 0 |
| 3308 | 18th Executive Committee (7 x 3 x \$ 3,500) | | 0 |
| 3309 | 19th Executive Committee (7 x 3 x \$ 3,500) | | 0 |
| 3310 | 20th Executive Committee (7 x 3 x \$ 3,500) | | 0 |
| 3311 | 2 Sub-Committee meetings (2 x 3 x \$ 3,500) | | 21,000 |
| 39 | COMPONENT TOTAL | | 276,000 |
| 40 | EQUIPMENT AND PREMISES COMPONENT | | |
| 4100 | Expendable equipment | | |
| 4101 | Office stationery supplies | | 10,000 |
| 4102 | Software and other computer items (under \$500) | | 3,000 |
| 4199 | Total | | 13,000 |
| 4200 | Non-expendable equipment | | |
| 4201 | Office furniture | | 0 |
| 4202 | Personal computers | | 0 |
| 4203 | Portable computers | | 0 |
| 4204 | Others | | 3,000 |
| 4299 | Total | | 3,000 |
| 4301 | Rental of offices premises | | 409,000 |
| 49 | COMPONENT TOTAL | | 425,000 |
| 50 | MISCELLANEOUS COMPONENT | | |
| 5100 | Operation and maintenance of equipment | | |
| 5101 | Maintenance of Equipment | | 7,000 |
| 5102 | Maintenance of office | | 5,000 |
| 5103 | Maintenance of computer equipment | | 5,000 |
| 5104 | Rental of photocopier(s) | | 14,000 |
| 5105 | Rental of telecommunication equipment | | 15,000 |
| 5199 | Total | | 46,000 |
| 5200 | Reporting costs (documentation costs) | | |
| 5201 | Executive Committee Meetings | | 45,000 |
| 5202 | Others (including meetings of Parties) | | 20,000 |
| 5299 | Total | | 65,000 |
| 5300 | Sundry costs | | |
| 5301 | Communications | | 30,000 |
| 5302 | Freight (documents) | | 20,000 |
| 5303 | Miscellaneous (bank charges, etc.) | | 5,000 |
| 5399 | Total | | 55,000 |

| Number | DESCRIPTION | W/M | 1994 |
|--------|--|-----|------------------|
| 5400 | Hospitality | | |
| 5401 | Hospitality for meetings | | 7,000 |
| 59 | COMPONENT TOTAL | | 173,000 |
| 99 | GRAND TOTAL | | 2,440,500 |
| | Programme Support Costs | | 126,945 |
| | Less Counterpart Contribution (Canada) | | (650,000) |
| | TOTAL COST TO FUND | | 1,917,445 |

ANNEX III**PROPOSED BUDGET FOR THE FUND SECRETARIAT FOR 1994-1996**

In accordance with the decision IV/18 of the Parties at its Fourth Meeting at Copenhagen in 1992, establishing the Multilateral Fund and its terms of reference and in line with paragraph D.18 of Annex IX (UNEP/OzL.Pro.4/15), stating that "The Multilateral Fund shall cover Secretariat costs, based on regular budgets to be submitted for decision by the Executive Committee", the Secretariat is hereby submitting, for the approval of the 11th Meeting of the Executive Committee, a detailed budget proposal for the Secretariat costs for the three-year period of 1994-1996.

The present proposal shows a decrease in totals, keeping in view a slightly favourable exchange rate and rationalization of operating costs (as against start-up operational costs). Thus, the Secretariat would be liable to pay only servicing costs for some of the equipment leased (telecommunications, photocopier, computers) etc. since the lease agreements would have come to end by mid-1994. No new furniture/equipment are being considered for acquisition during the period 1994-1996.

The lease for the Secretariat premises provides for an increase in base rental cost from Cdn \$24/sq.m to Cdn \$29/sq.m., as of 1 February 1995. Maintenance and other utilities costs, not covered under the lease, are also expected to be increased as a consequence. Budgetline 4301, under component 40 of the proposed budget for the three-year period 1994-1996, reflects the corresponding change, from US \$409,000 to US \$490,000.

PROPOSED BUDGET FOR THE FUND SECRETARIAT FOR 1994-1996
(US DOLLARS)

| Number | DESCRIPTION | W/M | 1994 | 1995 | 1996 | TOTAL |
|--------|---|-----|----------------|----------------|----------------|------------------|
| 10 | PROJECT PERSONNEL COMPONENT | | | | | |
| 1100 | Project Personnel (Title & Grade) | | | | | |
| 1101 | Chief Officer D.2 | 12 | 106,040 | 108,161 | 110,324 | 324,525 |
| 1102 | Deputy Chief Officer P.5 | 12 | 85,680 | 87,394 | 89,141 | 262,215 |
| 1103 | Deputy Chief Officer P.5 | 12 | 85,680 | 87,394 | 89,141 | 262,215 |
| 1104 | Programme Officer P.3 | 12 | 63,240 | 64,505 | 65,795 | 193,540 |
| 1105 | Programme Officer P.3 | 12 | 63,240 | 64,505 | 65,795 | 193,540 |
| 1106 | Programme Officer P.3 | 12 | 63,240 | 64,505 | 65,795 | 193,540 |
| 1107 | Programme Officer P.3 | 12 | 63,240 | 64,505 | 65,795 | 193,540 |
| 1108 | Information Officer P.3 | 12 | 63,240 | 64,505 | 65,795 | 193,540 |
| 1109 | Fund and Administrative Officer P.4 | 12 | 71,400 | 72,828 | 74,285 | 218,513 |
| 1199 | Total | | 665,000 | 678,300 | 691,866 | 2,035,166 |
| 1200 | Consultants | | | | | |
| 1201 | Evaluations of Projects, etc. | | 150,000 | 150,000 | 150,000 | 450,000 |
| 1299 | Total | | 150,000 | 150,000 | 150,000 | 450,000 |
| 1300 | Administrative Support (Title & Grade) | | | | | |
| 1301 | Administrative Assistant G.9 | 12 | 43,860 | 44,737 | 45,632 | 134,229 |
| 1302 | Library Assistant G.7 | 12 | 36,100 | 36,822 | 37,558 | 110,480 |
| 1303 | Senior Secretary to Chief Officer G.7 | 12 | 39,780 | 40,576 | 41,387 | 121,743 |
| 1304 | Senior Secretary G.6 | 12 | 33,660 | 34,333 | 35,020 | 103,013 |
| 1305 | Senior Secretary G.6 | 12 | 33,660 | 34,333 | 35,020 | 103,013 |
| 1306 | Senior Secretary G.6 | 12 | 33,660 | 34,333 | 35,020 | 103,013 |
| 1307 | Senior Secretary G.6 | 12 | 33,660 | 34,333 | 35,020 | 103,013 |
| 1308 | Typist / Receptionist G.5 | 12 | 31,620 | 32,252 | 32,897 | 96,770 |
| 1309 | Registry Clerk G.4 | 12 | 25,500 | 26,010 | 26,530 | 78,040 |
| | Conference Servicing Costs | | | | | |
| 1321 | 12th Executive Committee Meeting | | 90,000 | 0 | 0 | 90,000 |
| 1322 | 13th Executive Committee Meeting | | 90,000 | 0 | 0 | 90,000 |
| 1323 | 14th Executive Committee Meeting | | 90,000 | 0 | 0 | 90,000 |
| 1324 | 15th Executive Committee Meeting | | 0 | 90,000 | 0 | 90,000 |
| 1325 | 16th Executive Committee Meeting | | 0 | 90,000 | 0 | 90,000 |
| 1326 | 17th Executive Committee Meeting | | 0 | 90,000 | 0 | 90,000 |
| 1327 | 18th Executive Committee Meeting | | 0 | 0 | 90,000 | 90,000 |
| 1328 | 19th Executive Committee Meeting | | 0 | 0 | 90,000 | 90,000 |
| 1329 | 20th Executive Committee Meeting | | 0 | 0 | 90,000 | 90,000 |
| 1330 | 2 Sub-Committee Meetings | | 20,000 | 20,000 | 20,000 | 60,000 |
| 1399 | Total | | 601,500 | 607,730 | 614,085 | 1,823,315 |

| Number | DESCRIPTION | W/M | 1994 | 1995 | 1996 | TOTAL |
|--------|---|-----|------------------|------------------|------------------|------------------|
| 1600 | Travel on official business | | | | | |
| 1601 | Travel and perdiem (Staff) | | 120,000 | 120,000 | 120,000 | 360,000 |
| 19 | COMPONENT TOTAL | | 1,536,500 | 1,556,030 | 1,575,951 | 4,668,481 |
| 20 | CONTRACTS COMPONENT | | | | | |
| 2100 | Sub-contracts | | | | | |
| 2101 | Production of information materials | | 30,000 | 30,000 | 30,000 | 90,000 |
| 29 | COMPONENT TOTAL | | 30,000 | 30,000 | 30,000 | 90,000 |
| 30 | MEETING COMPONENT | | | | | |
| 3300 | Travel and DSA for participants (meetings) | | | | | |
| 3301 | Chairman and Vice-Chairman | | 30,000 | 30,000 | 30,000 | 90,000 |
| 3302 | 12th Executive Committee (7 x 3 x \$ 3,500) | | 75,000 | 0 | 0 | 75,000 |
| 3303 | 13th Executive Committee (7 x 3 x \$ 3,500) | | 75,000 | 0 | 0 | 75,000 |
| 3304 | 14th Executive Committee (7 x 3 x \$ 3,500) | | 75,000 | 0 | 0 | 75,000 |
| 3305 | 15th Executive Committee (7 x 3 x \$ 3,500) | | 0 | 75,000 | 0 | 75,000 |
| 3306 | 16th Executive Committee (7 x 3 x \$ 3,500) | | 0 | 75,000 | 0 | 75,000 |
| 3307 | 17th Executive Committee (7 x 3 x \$ 3,500) | | 0 | 75,000 | 0 | 75,000 |
| 3308 | 18th Executive Committee (7 x 3 x \$ 3,500) | | 0 | 0 | 75,000 | 75,000 |
| 3309 | 19th Executive Committee (7 x 3 x \$ 3,500) | | 0 | 0 | 75,000 | 75,000 |
| 3310 | 20th Executive Committee (7 x 3 x \$ 3,500) | | 0 | 0 | 75,000 | 75,000 |
| 3311 | 2 Sub-Committee meetings (2 x 3 x \$ 3,500) | | 21,000 | 21,000 | 21,000 | 63,000 |
| 39 | COMPONENT TOTAL | | 276,000 | 276,000 | 276,000 | 828,000 |
| 40 | EQUIPMENT AND PREMISES COMPONENT | | | | | |
| 4100 | Expendable equipment | | | | | |
| 4101 | Office stationery supplies | | 10,000 | 10,000 | 10,000 | 30,000 |
| 4102 | Software and other computer items (under \$500) | | 3,000 | 3,000 | 3,000 | 9,000 |
| 4199 | Total | | 13,000 | 13,000 | 13,000 | 39,000 |
| 4200 | Non-expendable equipment | | | | | |
| 4201 | Office furniture | | 0 | 0 | 0 | 0 |
| 4202 | Personal computers | | 0 | 0 | 0 | 0 |
| 4203 | Portable computers | | 0 | 0 | 0 | 0 |
| 4204 | Others | | 3,000 | 3,000 | 3,000 | 9,000 |
| 4299 | Total | | 3,000 | 3,000 | 3,000 | 9,000 |
| 4301 | Rental of offices premises | | 409,000 | 490,000 | 490,000 | 1,389,000 |
| 49 | COMPONENT TOTAL | | 425,000 | 506,000 | 506,000 | 1,437,000 |

| Number | DESCRIPTION | W/M | 1994 | 1995 | 1996 | TOTAL |
|--------|--|-----|------------------|------------------|------------------|------------------|
| 50 | MISCELLANEOUS COMPONENT | | | | | |
| 5100 | Operation and maintenance of equipment | | | | | |
| 5101 | Maintenance of Equipment | | 7,000 | 7,000 | 7,000 | 21,000 |
| 5102 | Maintenance of office | | 5,000 | 5,000 | 5,000 | 15,000 |
| 5103 | Maintenance of computer equipment | | 5,000 | 5,000 | 5,000 | 15,000 |
| 5104 | Rental of photocopier(s) | | 14,000 | 6,000 | 6,000 | 26,000 |
| 5105 | Rental of telecommunication equipment | | 15,000 | 9,000 | 9,000 | 33,000 |
| 5199 | Total | | 46,000 | 32,000 | 32,000 | 110,000 |
| 5200 | Reporting costs (documentation costs) | | | | | |
| 5201 | Executive Committee Meetings | | 45,000 | 45,000 | 45,000 | 135,000 |
| 5202 | Others (including meetings of Parties) | | 20,000 | 20,000 | 20,000 | 60,000 |
| 5299 | Total | | 65,000 | 65,000 | 65,000 | 195,000 |
| 5300 | Sundry costs | | | | | |
| 5301 | Communications | | 30,000 | 30,000 | 30,000 | 90,000 |
| 5302 | Freight (documents) | | 20,000 | 20,000 | 20,000 | 60,000 |
| 5303 | Miscellaneous (bank charges, etc.) | | 5,000 | 5,000 | 5,000 | 15,000 |
| 5399 | Total | | 55,000 | 55,000 | 55,000 | 165,000 |
| 5400 | Hospitality | | | | | |
| 5401 | Hospitality for meetings | | 7,000 | 7,000 | 7,000 | 21,000 |
| 59 | COMPONENT TOTAL | | 173,000 | 159,000 | 159,000 | 491,000 |
| 99 | GRAND TOTAL | | 2,440,500 | 2,527,030 | 2,546,951 | 7,514,481 |
| | Programme Support Costs | | 126,945 | 129,484 | 132,074 | 388,502 |
| | Less Counterpart Contribution (Canada) | | (650,000) | (650,000) | (650,000) | (1,950,000) |
| | TOTAL COST TO FUND | | 1,917,445 | 2,006,514 | 2,029,024 | 5,952,983 |

ANNEX IV

THE IMPACT OF NON-COMMITTED RESOURCES AT THE END OF 1993 ON THE 1994-1996 ASSESSMENTS

1. The Ninth Meeting of the Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer requested the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to prepare a report for its consideration prior to the Fifth Meeting of the Parties covering the impact of non-committed resources at the end of 1993 on the 1994-1996 assessments to support a decision to be taken by the Fifth Meeting of the Parties on the replenishment of the Multilateral Fund.
2. In order to arrive at an evaluation of resources that will be available to the Fund at the end of 1993, five scenarios based on the interpretation of "non-committed resources" are discussed below.
3. Some of the figures included in this draft report will be adjusted pending the results of the Eleventh Meeting of the Executive Committee.

Scenario 1

4. Under this scenario, non-committed resources are considered to be the current cash balance in the Fund which is equivalent to paid contributions less all disbursements made from the Fund.
5. Income received (including bilateral assistance offsets) as at 12 November 1993 amount to US \$161 million. Approximately US \$139 million has been disbursed from the Fund as at 12 November 1993. Also, the Executive Committee has authorized the implementing agencies to complete the development of projects that were included in their 1993 pipeline amounting to approximately US \$18 million. On this basis, total disbursements equal US \$157 million. Therefore, the current cash balance is estimated at about US \$4 million.
6. This cash balance represents less than 1 per cent of the recommended level of Fund replenishment (US \$510 million) for the years 1994 through 1996.

Scenario 2

7. Scenario 2 defines non-committed resources as the projected cash balance in the Fund equivalent to income received plus projected contributions to be paid as at the end of 1993 less all disbursements made from the Fund by the end of the year.

8. As mentioned above, income received as at 12 November 1993 amount to US \$161 million. It is assumed, however, that Parties which paid their 1991 and 1992 pledged contributions in full will also pay their 1993 contributions by the end of the year. This would yield additional payments in the amount of US \$33 million.¹ Thus, by the end of 1993, the Fund will have received total income amounting to US \$194 million.

9. As mentioned above, total disbursements are US \$157 million. Under Scenario 2, the cash balance at the end of 1993 would, therefore, be about US \$37 million. This amount represents over 7 per cent of the recommended level of replenishment.

Scenario 3

10. Scenario 3 defines non-committed resources as the current cash balance from Scenario 1 plus other financial instruments such as treasury bills and promissory notes to be encashed according to a fixed encashment schedule through 1996. Under this scenario, contributions increase to US \$179 million¹ leaving a current cash balance plus other financial instruments of US \$22 million. This cash balance represents over 4 per cent of the recommended level of replenishment.

Scenario 4

11. Under this scenario, non-committed resources are interpreted as the projected cash balance of Scenario 2 plus other financial instruments such as treasury bills and promissory notes to be encashed through 1996. Under this scenario, contributions would amount to US \$212 million resulting in a cash balance of US \$55 million representing less than 11 per cent of the recommended level of replenishment.

Scenario 5

12. Scenario 5 views non-committed resources as all pledged contributions plus accrued interest and other income, i.e., US \$244 million, less all disbursements from the Fund (US \$157 million) yielding a balance of about US \$87 million which would represent over 17 per cent of the recommended level of replenishment. This balance includes pledged contributions from non-Article 5 countries with economies in transition, deposits in treasury bills and promissory notes, and outstanding contributions from Parties as well as cash at hand.

13. It is not expected that all Parties with economies in transition will be able to make their contributions in full in the foreseeable future, as most of them have so indicated. At its Tenth Meeting, the Executive Committee decided to explore the possibilities for using in-kind contributions to assist Parties with economics in transition in meeting their contributions. Their outstanding contributions currently amount to over US \$31 million. This situation will be further compounded if these countries will not be able to make any

contribution to the 1994-1996 replenishment; the impact of which is estimated at US \$66 million which would reduce the funds available from the recommended level of replenishment of US \$510 million by 13 per cent.

Conclusion

14. Based on the terms of reference of the Multilateral Fund and those of the Executive Committee (UNEP/OzL.Pro.4/15, Annex IX and Annex X, respectively), "non-committed resources" is unequivocally interpreted as the cash balance in the Fund which has not been committed by the Executive Committee.

15. Depending on whether or not projected contributions are considered, it is therefore, concluded that the non-committed resources that can be carried over to 1994-1996 would amount to US \$4 to 37 million which may increase to US \$22 to 55 million if treasury bills and promissory notes are taken into account. Thus, from US \$4 to 55 million would be available at the end of 1993 for projects and other activities ensuing in 1994 and beyond.

Endnote:

1. This includes US \$2.7 million in promissory notes to be encashed by the end of 1993.

ANNEX V**SUMMARY OF DECISIONS TAKEN AT
THE 11th MEETING OF THE EXECUTIVE COMMITTEE**

The Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol decided:

Financial Matters

1. To approve the revised 1994 budget of the Fund Secretariat with the understanding that budget line 3301 (Travel and DSA for Chairman and Vice-Chairman) could be used to support travel of the Chairperson or Vice-Chairperson of the Executive Committee, irrespective of whether or not they represent countries operating under paragraph 1 of Article 5, if such travel was required to enable the Chairperson or the Vice-Chairperson to represent the Executive Committee (UNEP/OzL.Pro/ExCom/11/36, Annex II).
2. To approve the proposed budget for the Fund Secretariat for 1994-1996 (UNEP/OzL.Pro/ExCom/11/36, Annex III).
3. To approve the request by Canada to credit against its 1993 contribution the sum of US \$759,000 for bilateral activities in: China (US \$172,500), Brazil (US \$172,500) and Venezuela (US \$414,000).
4. To approve the request by South Africa to credit US \$30,000 in bilateral contribution against its 1994 contribution for a workshop for English-speaking countries in Africa.
5. To approve the request by the United States of America to credit US \$1,017,000 against its 1993 contribution for a number of bilateral activities in China (US \$399,000), Ecuador (US \$61,000), Malaysia (US \$24,000) and Mexico (US \$533,000).
6. To approve the amount of US \$31,976 in bilateral contribution to be credited against Singapore's 1993 contribution to begin a regional methyl chloroform elimination programme for the ASEAN countries, provided that all participating beneficiary countries agreed to the assistance; funds were used towards the dissemination of information concerning the adaptation of technologies to local circumstances (the third component); and funding for additional project components was presented in subsequent requests in accordance with bilateral assistance guidelines.
7. That, in the future, promissory notes did constitute committable resources and that the deposit of a promissory note would be considered to be payment of a country's contribution to the Fund. Promissory notes would be encashed on a fixed schedule with

the option of accelerated encashment on demand by the Treasurer in light of needs on a pro rata basis. If there was a need for an accelerated encashment, notes deposited prior to 1994 should be encashed before accelerated encashment of notes deposited in 1994 or after was required. The scheduling of draw down from 1994 promissory notes would begin in 1995. If the notes deposited before 1994 were encashed in totality in 1994, the draw down from 1994 promissory notes could begin in 1994.

8. To request the Treasurer to submit a draft schedule of promissory notes to the next meeting of the Executive Committee, taking into account the preceding paragraph.
9. To endorse the proposal of the Sub-Committee on Financial Matters that the implementing agencies work with the Treasurer and the Fund Secretariat during the next two weeks, to revise the document on uniform format for future financial reports, which would be circulated informally to Executive Committee members so as to enable the Committee to approve it at its next meeting and that, once common definitions had been developed, they could be used for all the reporting requirements of the implementing agencies.

Implementing Agencies

10. To request the implementing agencies to present their (progress) reports in such a way as to permit comparisons.
11. To approve the following amounts for amendments to the Work Programmes of the implementing agencies:

| | Amount US\$ | Support Costs US\$ | TOTAL US\$ |
|------------|-------------|---------------------|------------|
| UNDP | 3,403,830 | 442,500 | 3,846,330 |
| UNEP | 461,000 | 85,930 ¹ | 546,930 |
| UNIDO | 715,875 | 93,064 | 808,939 |
| World Bank | 562,520 | Not applicable | 562,520 |
| TOTAL | 5,143,225 | 621,494 | 5,764,719 |

¹ Includes US \$26,000 support cost of the information dissemination project in the Philippines (US \$200,000) transferred from the World Bank.

12. To approve the transfer of US \$200,000 from the World Bank to UNEP for the information dissemination project in the Philippines approved at the Ninth Meeting of the Executive Committee and request the Treasurer's disbursements to the implementing agencies concerned to take into account this adjustment.
13. To request the Fund Secretariat to prepare a policy guidance paper on how to deal with projects that might realize net incremental savings.

Country Programmes

14. To approve the country programmes of Algeria, Burkina Faso, Senegal and Syria. The approval did not denote approval of the projects listed therein or their funding levels.
15. To approve US \$695,500 and US \$90,415 support costs (for a total of US \$785,915) for projects within the country programmes of Algeria (US \$297,000 and US \$38,610 support costs), Burkina Faso (US \$139,500 and US \$18,135 support costs) and Senegal (US \$259,000 and US \$33,670 support costs) to be included as amendments to UNEP's 1993 Work Programme.
16. To approve the India country programme documentation as a first step in the development of a comprehensive phase-out strategy subject to the following:
 - a) The country programme documentation would be revised to incorporate:
 - i) the substantive information provided by India to the Fund Secretariat prior to the Eleventh Meeting of the Executive Committee and included in the presentation provided by India at that meeting;
 - ii) an adjustment of the programme in response to the Fund Secretariat's comments on the country programme documentation; and
 - iii) the results of the survey of the small and informal sector, including an identification of projects and specific time-frames for phase-out.

This revision should be submitted to the Executive Committee for approval at a subsequent meeting of the Executive Committee.

- b) Approval of the country programme did not denote endorsement or approval of any projects or funding levels outlined therein.
- c) The Executive Committee further requested India to consider:
 - i) an accelerated phase-out together with the associated costs; and
 - ii) avoidance of the start-up of new production of halons or other ODSs together with a determination of the associated costs in doing so.

17. To approve the country programme of Thailand and request that account be taken of the comments in the Evaluation Sheet during its implementation.

Investment Projects

18. To approve the following amounts for projects to be implemented by UNDP:
 - US \$650,000 and US \$84,500 support costs for one project in Egypt.
 - US \$690,000 and US \$89,700 support costs for one project in Malaysia.
19. To approve US \$3,228,395 and US \$419,691 support costs for phase I of a refrigeration project in Iran to be implemented by UNIDO and to grant UNIDO permission to proceed with the development of phase II of the project.
20. To approve the following amounts for projects to be implemented by the World Bank.
 - US \$2,129,000 for three projects in India
 - US \$4,100,000 for two projects in Venezuela with the recommendation that implementation of the two projects should not result in additional production capacity
 - US \$4,550,000 for six projects in Indonesia.
21. To request that the India project proposal: Replacement of CFC-11 blowing agent in polyurethane systems with low and non-ODS materials (Expanded Incorporation) be revised to eliminate the ineligible cost items and that the World Bank be granted permission to proceed with further development of the project as part of a strategy covering all producers of foam chemical systems in India.
22. To defer the decision on the India project, IICT Hyderabad (Basic data development - HFC-134a process), pending the development of policy guidelines on production of substitutes taking into consideration strategies for the development of indigenous technologies and the utilization of imported technologies.

Issues related to the Fifth Meeting of the Parties

23. To transmit to the Fifth Meeting of the Parties all five scenarios as presented in the revised version of the document UNEP/OzL.Pro/ExCom/11/31/Rev.1: The impact of non-committed resources at the end of 1993 on the 1994-1996 assessments.
24. To approve the draft report of the Executive Committee to the Fifth Meeting of the Parties subject to its updating subsequent to the decisions adopted at the Eleventh Meeting of the Committee.

Streamlining the Executive Committee's review process: Discussion papers from the Fund Secretariat and the United States and Canada

25. The Executive Committee decided that:
- 1) Documentation for country programmes distributed to all Committee members might be limited to country programme cover sheets, executive summaries, and Fund Secretariat comments, although the full country programme would be made available upon request.
 - 2) Implementing agencies and the Fund Secretariat should meet in December to consider work programme activities for the following year and to establish their relation to the three-year plan and budget.
 - 3) Documentation for project proposals distributed to all Committee members should be limited to the executive project summary, the technical review and response, and the Fund Secretariat's comments although project proposal background material will be made available upon request.
 - 4) Projects for which all issues had been resolved in advance of Committee meetings might be submitted for blanket approval.
 - 5) Approval on a non-objectional basis should be adopted by the Committee and implementing agencies should be encouraged to submit proposals for non-objectional approval.
 - 6) Consultants used in the preparation of proposals should not be allowed to review them.
 - 7) Implementing agencies and the Fund Secretariat should develop a standard format for technical reviews for the Executive Committee's consideration at its next meeting.
 - 8) The Executive Committee should establish a sessional Project Review Sub-Committee when deemed necessary.
 - 9) Conclusions of the Executive Committee on policy issues arising out of projects were to be considered as guidance in the development of future project proposals.
 - 10) Policy issues should be presented for consideration of the Executive Committee by the Fund Secretariat to the earliest available Committee meeting as part of a separate agenda item on policy issues.
 - 11) The Fund Secretariat should prepare a meeting overview paper for distribution to Committee members before Committee meetings.
26. To request the Fund Secretariat and the implementing agencies to prepare a paper on the technical review of projects, taking into consideration the paper prepared by the United States and Canada, and to submit it to the Twelfth Meeting of the Executive Committee.

27. To defer consideration of the paper introduced by the World Bank until the Twelfth Meeting of the Executive Committee to give members sufficient time to consider the recommendations in the paper.

Draft Report on Strategic Options for Retrofitting of Mobile Air Conditioners, Chillers and Domestic Refrigerators

28. To request the Fund Secretariat to revise and expand the interim report, incorporating the comments made during the discussion and present it to the Twelfth Meeting.

Other Matters: Paper from Austria and Switzerland regarding the use of transitional substances

29. To request the Fund Secretariat in consultation with the implementing agencies, to examine more fully the issues related to the cost effectiveness of transitional substances and present a report to the Executive Committee at its Twelfth Meeting.

Adoption of the report

30. To adopt the report on the basis of the draft report contained in documents UNEP/OzL.Pro/ExCom/11/L.1, Add.1 and Corr.1 at its closing session on 12 November 1993.

Date and Place of the Twelfth Meeting of the Executive Committee

31. To hold its Twelfth Meeting at Montreal from 28 to 30 March 1994.