



MULTILATERAL FUND
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

Post Meeting Summary of Decisions of the 42nd of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 42nd Meeting of the Executive Committee took place in Montreal (29 March – 2 April 2004) following the Extraordinary Meeting of the Parties concerning temporary exemptions to the methyl bromide phase-out for certain “critical uses”. It was attended by the representatives of 13 out of the 14 Executive Committee member parties and by participants from 20 other co-opted countries (see Annex 1). Marcia Levaggi of Argentina presided over her first meeting as Chair of the Executive Committee and Maria Nolan attended her first Executive Committee meeting as Chief Officer of the Fund Secretariat. At the 42nd meeting, all agenda items were examined in plenary; this followed the Executive Committee’s decision to eliminate the two sub-committees on a trial basis for one year (Decision 41/92).

As it was the first Executive Committee meeting of the year, in addition to the approval of funding for projects and activities to enable developing countries to comply with their Montreal Protocol obligations, the agenda contained a strong element of financial and business planning. In all, the Executive Committee took a total of 50 decisions, the most noteworthy of which are described below.

Business Planning (Decision 42/3)

During the first part of the meeting, the Executive Committee considered the financial resources currently available to the Multilateral Fund looking at the funding allocations for the remainder of the triennium, including a possible allocation for a funding window to cover accelerated phase-out and maintaining momentum projects. The Committee established a resource allocation as follows: US \$237 million for 2004 and US \$178 million for 2005. Any funds un-used in 2004 will be automatically allocated to 2005.

The Committee noted that currently the financial resources available were sufficient to cover all projects to achieve the 2005 and 2007 compliance targets, so making it possible to fund all projects for accelerating phase-out and maintaining momentum contained in the agencies’ 2004 business plans. Given this situation, the Committee requested the Secretariat

to prepare a paper for the 44th meeting (at the end of 2004) analysing the potential need for projects to accelerate phase-out and maintain momentum. On the basis of this analysis, the Committee would consider the need for the funding window, as well as any relevant criteria relating to the selection of projects to be funded through the window.

Three-year phase-out plan 2004-2006 (Decision 42/4)

The model rolling three year phase-out plan provides an analysis of the amount of ozone depleting substances (ODS) that has to be approved for funding to enable all Article 5 countries to achieve the 2005 and 2007 Montreal Protocol targets and partial phase-out of the remaining ODS towards the 2010 targets. The model, which had been used as the reference for the preparation of the agencies' 2004-2006 business plans, indicates that 18,831.1 ODP tonnes of ODS still need to be phased out during the 2004-2006 triennium, and that the phase-out of over 1,300 ODP tonnes more would have to be approved for funding in 2004 than in 2005.

The Executive Committee adopted the model as a reference for resource planning for the 2004-2006 triennium and, given the approaching Montreal Protocol deadlines, urged Article 5 countries with approved projects that had not been implemented to accelerate the pace of implementation during the 2004-2006 triennium. The Executive Committee will consider an updated model three-year rolling phase out plan for the years 2005-2007 at the first meeting of the Executive Committee in 2005.

2004-2006 business plans (Decisions 42/6 – 42/11)

The business plans reviewed by the Executive Committee address the phase-out needs identified in the three year phase-out plan. Before the adoption of a three-year phase-out plan (Decision 38/66), business planning in the Multilateral Fund was based on funding shares for the implementing agencies, rather than the present approach based on the approval of certain amounts of ozone depleting substances (ODSs) for specific countries to enable compliance with the Protocol control measures. The Executive Committee endorsed the submissions of bilateral agencies and individual business plans of UNDP, UNEP, UNIDO and the World Bank.

Strategy for managing HCFCs in China (Decision 42/7)

During the deliberations, an issue was raised regarding the project proposal for the development of a strategy for managing HCFCs in China submitted as part of the Government of Germany's bilateral plan. There was some concern that the project did not qualify for funding under the rules of the Multilateral Fund and that its approval might set a precedent for the approval of similar projects. The Executive Committee requested the Government of Germany to take into account the points of view raised during the discussion and asked Germany to prepare and circulate a policy paper on the issues of the responsibility of the Multilateral Fund and potential eligibility requirements for such a study to the 43rd Executive Committee meeting. The Committee also asked Germany to reformulate the project proposal for submission and consideration at the 43rd Meeting on that basis.

Intermediate Evaluation Of CFC Production Sector Phase-Out Agreements (Decision 42/12)

The Executive Committee reviewed the intermediate evaluation of CFC production sector phase-out agreements based on missions to China, the Democratic People's Republic of Korea, and India. While the phase-out of CFC production in the countries concerned was generally proceeding according to the schedules indicated in the respective phase-out agreements, there were a number of issues concerning the measurements in metric and ODP tonnes and gross versus net saleable production, the inconsistencies between CFC-production data reported under Article 7 and in the verification reports, capacity development and awareness-building, the support extended for the development and production of substitutes for CFCs, prices and supply/demand for CFCs and substitutes, linkages to the illegal trade in CFCs, and the national and international audits and their focus, methods and schedules. The Executive Committee made a lengthy decision on this issue with different points addressed to pertinent bilateral and implementing agencies, and also requested the Secretariat to review the verification guidelines adopted by the 32nd Meeting of the Executive Committee.

Project Implementation delays and project cancellations (Decision 42/15)

At the 42nd meeting, 103 projects were classified as having implementation delays. These are projects expected to be completed over 12 months late or where disbursement did not occur until 18 months or more after project approval. These projects are subject to the Executive Committee's procedure for possible project cancellation and will continue to be monitored at subsequent Executive Committee meetings. The Executive Committee cancelled two projects (India and Bolivia) and adopted milestones and deadlines for six other delayed projects.

The Executive Committee also considered the four delayed foam projects in Morocco that had been given an extension until the 42nd meeting to allow implementing agencies and the Government of Morocco to refine an agreement under which the companies involved would complete their conversion to liquid carbon dioxide (LCD) technology (Decision 41/8). Unfortunately the deadlock between the enterprises involved and the technology provider could not be resolved; however, recognizing the intense effort by the stakeholders, the Executive Committee extended the deadline for signature of the agreement until 15 April 2004.

Institutional Strengthening (Decisions 42/17 and 42/22(b))

A number of countries for whom institutional strengthening requests have been submitted to the 42nd Meeting have been found to be non-compliant or are at risk of becoming non-compliant because they have failed to report any data in one or more of the reporting categories or years. In some cases, the countries may not have levels of consumption in excess of Montreal Protocol requirements, but are non-compliant simply because data were not reported. Since the first point of contact for data reporting activities is frequently the implementing agency responsible for the institutional strengthening project in the country concerned, the Executive Committee urged implementing and bilateral agencies to provide all assistance possible to countries for which they were implementing institutional strengthening

projects in order to eliminate instances of non reporting of data (Decision 42/17).

In the course of discussions it was also pointed out that, in some countries, the amounts being requested for renewal of the institutional strengthening projects were not sufficient to fund even a half-time national ozone officer and that the retention rates of ozone officers in some geographic regions/sub-regions were not high. In order to analyze the situation further the Executive Committee requested the Secretariat to prepare a document for its 43rd Meeting on the potential implications of increasing the amounts approved for institutional strengthening projects. The Secretariat will look at the extent of the perceived problem in terms of how many similar cases might be involved; the problems faced by ozone units in very-low-volume-consuming (VLVC) countries; and the options for ensuring adequate capacity, including increased funding (Decision 42/22(b)).

Project Proposals (Decisions 42/18 to 42/40)

Over US \$74 million of funding was approved for 75 investment projects and work programme activities to enable 44 Article 5 to phase-out over 2,600 ODP tonnes of controlled substances in the consumption sector and over 6,500 ODP tonnes of CFCs in the production sector (Decisions 42/18 to 42/40).

The Executive Committee also committed US\$ 31 million for national CFC consumption phase-out plans in Argentina (Decision 42/25), Bangladesh (Decision 42/19), India (Decision 42/37), Mexico (Decision 42/31), Sri Lanka (Decision 42/40) and Venezuela (Decision 42/33). The Committee also approved financing for projects to assist Côte d'Ivoire (Decision 42/26) and Mexico (Decision 42/30) phase-out methyl bromide (MB).

Reconciliation of the 2002 accounts of the Multilateral Fund

At its 38th Meeting, the Executive Committee requested a full reconciliation of the Accounts with the progress and financial reports to be submitted for the last meeting of each year. Due to the fact that the 2002 accounts of the World Bank had not yet been audited and UNDP's financial records were under review by its Comptroller, it was not possible to complete the reconciliation at the 41st Meeting and so the issue was subsequently addressed at the 42nd Meeting. Since the World Bank's audit and UNDP's review had still not been completed prior to the 42nd Meeting the Executive Committee decided to request the Treasurer to complete the reconciliation of the accounts of the World Bank on the basis of audited 2002 accounts, and the accounts of UNDP on the basis of the UNDP Comptroller's review. The Executive Committee urged the World Bank and UNDP to submit the information required for reconciliation as soon as possible (Decision 42/41 (e and f))

Service of the Treasurer (Decision 42/42)

The Executive Committee approved the agreement between UNEP and the Executive Committee on the service of the Treasurer and agreed the level of fees for the next five years. The Committee also requested UNEP to maximize the benefits to the Multilateral Fund and the contributing Parties when exercising its functions as Treasurer.

Methyl bromide phase-out by Article 5 countries (Decision 42/49).

Following Decision Ex.I/2 of the Extraordinary Meeting of the Parties, the Executive Committee discussed a draft decision on projects for early phase-out of methyl bromide (MB) in Article 5 countries. In the ensuing discussion, it was recognized that more information on the status of implementation of approved projects for the accelerated phase-out of methyl bromide was required in order to apply Decision Ex.I/2. The Executive Committee asked the Secretariat to collate information on the status of implementation of MB projects to facilitate examination of the issue of early phase-out in more depth at its 43rd meeting in July.

Report of the Forty-second Meeting

For a complete record of all decisions made at the 42nd meeting including those discussed in this document, the reader is referred to the 'Report of the Forty-second Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/42/54) which can be found- on the Multilateral Fund's web site (www.multilateralfund.org) in Chinese, English, French, and Spanish.

Annex 1 - Attendance at the 42nd meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Austria	Sweden
Belgium	
Canada	
Hungary	
Japan	
United Kingdom	Italy, Germany,
United States of America	
Article 5	
Argentina	Bolivia, Brazil, Chile, Uruguay
Bangladesh	Maldives, Sri Lanka
China	India, Thailand
Cuba	Mexico, Saint Lucia
Iran* (did not attend)	Jordan, Syria
Mauritius	Sudan, Zambia
Niger	Gabon, Guinea, Morocco