



MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

Post Meeting Summary of Decisions of the 43rd of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Introduction

The 43rd Meeting of the Executive Committee, which took place in Geneva (5 to 9 July 2004), was attended by the representatives of the 14 Executive Committee member Parties and by participants from 21 other co-opted countries (see Annex 1). Marcia Levaggi of Argentina presided over the meeting as Chair of the Executive Committee. Like the 42nd Meeting, all items were examined in plenary following the Executive Committee's decision to eliminate the sub-committees for project review (PR) and monitoring, finance and evaluation (MEF) on a trial basis for one year (decision 41/92).

During the meeting it was noted that plans and funding were already in place for the elimination of all but some 18,000 tonnes of reported ODS consumption, which put developing countries well on track to meet the Protocol's 2005 and 2007 interim phase-out deadlines. While this highlighted the extraordinary success of the Multilateral Fund and the Montreal Protocol, some Article 5 countries still risked being in non-compliance if projects are not implemented and completed in a timely fashion. Up until the 43rd meeting the Executive Committee, was mostly concerned with planning and initiating projects to eliminate ODS, but would subsequently focus on actions that would ensure projects and activities were brought to a successful conclusion within the set timeframes.

One example was the Committee decision to consider the feasibility of a fast track procedure for project approval between meetings (see decision 43/3). The Committee also put in place criteria to deal with any difficulties countries might encounter in their efforts to accelerate the elimination of methyl-bromide, a substance that is particularly harmful to the ozone layer (see decision 43/14). Another example was the Committee's decision to increase the threshold level for institutional support to 43 countries in order to ensure that they could fund a full-time national ozone officer (see decision 43/37).

At the 43rd meeting, funding was approved for projects and activities to enable developing countries to comply with their Montreal Protocol obligations. In all, the Executive Committee took a total of 46 decisions; the most significant decisions and discussions are described below.

Status of resources and planning (decisions 43/2 – 43/4)

Availability of resources (decision 43/2)

During the first part of the meeting, the Executive Committee considered the financial resources available for funding projects and activities. These resources consist of the cash, promissory notes, and balances returned and were estimated at US \$41,950,720.

2004 Business plans (decision 43/3)

Projects and activities contained in the implementing agencies' 2004 business plans should be submitted to a meeting of the Executive Committee in that calendar year; however, the Committee was concerned to find that a high number of projects and activities representing some US \$94 million from the 2004 business plan had not yet been submitted. In some cases the projects were from countries that were at risk of non-compliance with the Montreal Protocol. The Committee therefore decided to contact countries at risk of non-compliance to urge them to put forward projects as soon as possible. Also the Committee decided that, at its 44th meeting, it would consider a possible procedure for approval of projects in-between sessions of the Executive Committee in order to speed up the project approval process and would examine reasons for non-submission of projects for countries at risk of non-compliance.

Status prospects of A5 countries in achieving compliance (decision 43/4)

The Executive Committee considered the latest report on the status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol. The report showed that plans and funding were already in place for the elimination of all but some 18,000 tonnes of ozone depleting substances (ODS) and that Article 5 countries were well on track to meet the Protocol's 2005 and 2007 intermediate control measures. The Committee's concern at the number of countries at risk of non-compliance, led them to decide to seek views from Article 5 countries on the nature of impediments to achieving compliance particularly in the case of low-volume consuming countries.

Evaluation activities

Methyl bromide desk study

The Executive Committee noted a report on a desk study of methyl bromide projects in horticulture, cut flowers, tobacco and post-harvest and suggested that more analysis of the factors influencing the selection of alternative technologies should be included in the second phase of the evaluation.

2003 Progress Reports of Implementing and Bilateral Agencies (decision 43/6)

Progress reports are presented by the implementing and bilateral agencies once a year. These reports present accomplishments in terms of financial disbursement rates, project completion and ODS phase-out realised. The Executive Committee noted that the 2003 progress reports showed a slow rate of project completion and a lower level of phase-out than

planned and therefore encouraged implementing agencies and Article 5 countries to expedite project implementation.

Project Implementation Delays (decision 43/12)

At the 43rd meeting 81 projects were classified as having implementation delays, i.e. projects expected to be completed over 12 months late or where the first disbursement did not occur 18 months or more after project approval. These projects are subject to the Executive Committee's procedure for project cancellations and will continue to be monitored at subsequent Executive Committee meetings.

One project in China, the phase-out of CFC-11 by conversion to n-pentane technology in the manufacture of rigid polyurethane insulation foam, was cancelled by mutual agreement. The four foam projects in Morocco with delays, that had been given an extension until 15 April 2004 (decision 42/15(i)) to allow signature of an agreement under which the companies involved would complete their conversion to liquid carbon dioxide (LCD) technology (decision 41/8), were automatically cancelled since the agreement had not been signed by all the companies involved.

Report on implementation of decision 42/49 in the context of decision Ex.I/2 (decision 43/14)

At the 42nd meeting, the Executive Committee discussed a draft decision on the prolongation of projects for early phase-out of methyl bromide (MB) in Article 5 countries in the context of decision Ex.I/2 of the Extraordinary Meeting of the Parties. The Committee reviewed information on the status of implementation of approved projects for the accelerated phase-out of methyl bromide and took a detailed decision specifying criteria to deal with any difficulties in the implementation of projects that countries may face when attempting to accelerate the elimination of MB.

In summary, the Executive Committee decided it would consider requests from the country concerned only when the relevant project was already well advanced in its implementation. Requests would have to contain precise information relevant to the project and its difficulties, and an action plan or alternative schedule for phase out that would ensure the continuity of the project. The Executive Committee would also take into account whether exemptions for critical uses have been granted in non Article 5 countries that were facing similar circumstances, and in these cases might request the advice of the Technology and Economic Assessment Panel (TEAP) and the Methyl Bromide Technical Options Committee (MBTOC).

Project Approvals (decisions 43/15 to 43/33, 43/44)

Over US \$12.5 million was approved to fund 68 investment projects and work programme activities to enable 39 Article 5 countries to phase-out over 400 ODP tonnes of

controlled substances in the consumption sector. US\$ 16 million went to China for the ongoing sector plan for the phase out of the production and consumption of CTC, (decision 43/25) as well as an additional US \$1.5 million to phase-out TCA production in China (decision 43/44). Smaller amounts went to Afghanistan (decision 43/15), a new party to the Protocol, and Bhutan (decision 43/22), which would soon become a party, for development of their institutional capacity to manage the phase out-of ODS and to prepare phase-out projects.

The Executive Committee also made commitments of just over US \$1 million for a national compliance action plan for Sri Lanka (decision 43/18), US \$2 million and US \$2.7 million respectively for national CFC consumption phase-out plans in Cuba (decision 43/27) and Serbia and Montenegro (decision 43/32) and US \$1.6 million for an ODS phase-out umbrella project in the solvent sector in Nigeria (decision 43/31).

Strategy for managing HCFCs in China (decision 43/19)

At the 42nd meeting, the Executive Committee requested the Government of Germany to prepare and circulate a policy paper for consideration at the 43rd Executive Committee meeting on the issues of the responsibility of the Multilateral Fund and potential eligibility requirements for the project proposal for the development of a strategy for managing HCFCs in China. The Committee also asked Germany to reformulate the project proposal for submission and consideration at the 43rd Meeting.

The project to undertake a study on the long-term management of HCFCs in China was approved on an exceptional basis. HCFC's had not so far been considered for funding by the Multilateral Fund, but the Committee expressed concern about the growth predicted by the TEAP HCFC Task Force in HCFC consumption in China and subsequently in other developing countries.

Country Programmes (decisions 43/34 to 43/36)

The Executive Committee approved the country programmes of Guinea-Bissau (decision 43/34) and the country programme updates for Lebanon (decision 43/35) and Romania (decision 43/36).

Institutional Strengthening (decision 43/37)

During discussions at the 42nd meeting it was pointed out that, in some countries, the amounts 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. Thus at the 43rd meeting the Executive Committee considered the potential implications of increasing the amounts approved for institutional strengthening projects in very low-volume-consuming countries. Since the Committee deemed it important to have sufficient funding in all Article 5 countries for a full time national ozone officers, who is often a key player in helping countries meet their Montreal Protocol deadlines, the Committee decided to increase institutional support to in

very low-volume-consuming countries and low-volume countries in order to support such posts. A threshold level of US \$30,000 would be made available, provided the country concerned assigned a full-time ozone officer to manage the ozone unit and that a national licensing system to control ODS imports was in place. The level of funding would be considered again during the overall review of institutional strengthening set for 2005.

Criteria for the assessment of the progress reports and verification audits of multi-year agreements (decision 43/38)

The Multilateral Fund's project portfolio had changed from that of stand-alone projects to one with very few individual projects and an increasing number of multi-year agreements (MYAs). Since the current monitoring system, based on such individual projects, was not optimized for MYAs, the Executive Committee reviewed proposed criteria for the assessment of progress reports and verification audits of multi-year agreements (MYAs). The purpose of the criteria would be to develop a monitoring instrument that could be used by the Executive Committee, the implementing agencies, the Secretariat, and the governments of Article 5 Parties to assess implementation of national phase-out plans and to detect in advance any impediments to project implementation that might compromise the planned ODS phase-out and lead to the possibility of non-compliance. The Executive Committee would consider the matter further at the 44th meeting.

Reconciliation of the 2002 accounts of the Multilateral Fund (decision 43/39)

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 auditing and review processes were still underway for UNDP and the World Bank, it was not possible to complete the reconciliation at the 41st or 42nd Meetings and so the issue was subsequently addressed at the 43rd Meeting. The reconciliation process was completed for UNDP on the basis of information from the United Nations Comptroller however, the World Bank's 2002 audited accounts had not been submitted to the 43rd Meeting. The Executive Committee urged the World Bank to submit the audited 2002 accounts required for reconciliation as soon as possible

Promissory notes

The Executive Committee discussed a study prepared in response to decisions 41/4 and 42/44 on the treatment and encashment of promissory notes with a view to determining the advisability of standardized rules for the use of promissory notes. The Executive Committee would consider the issue of promissory notes further at the 44th meeting.

Unified CAP budget

The Committee considered a document from the Treasurer on unified budgets for the UNEP Compliance Assistance Programme (CAP), which had been prepared pursuant to decision 41/39. The Committee noted the report as a useful guide for its consideration of any relevant issues relating to unified budgets in the future.

Monitoring of trade and preventing illegal trade (decision 43/41)

Following a request from the Fourteenth Meeting of the Parties in 2002, the Executive Committee considered a two-part report prepared by UNEP/DTIE: part I – the activities of the regional networks with regard to means of combating illegal trade; and, part II – evaluation of projects for customs officers training and licensing Systems, and an update on the funding of customs inspections of ozone-depleting substances.

The Executive Committee decided to forward Part I to the Sixteenth Meeting of the Parties but agreed that a new evaluation of projects on customs officers training and on licensing systems was needed, with a view to presenting it to the Seventeenth Meeting of the Parties.

Production Sector (decision 43/43 and 43/44)

In 2004, the Executive Committee's Subgroup on the Production sector consisted of Bangladesh, Canada (facilitator), the People's Republic of China, Cuba, Japan, Mauritius, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

The Sub-group met in the margins of the 43rd meeting. Following on from the Subgroup's meeting, the Executive Committee decided to authorize the technical audit of methyl bromide production in China, and technical audits of the ODS producers in Romania. The Committee also approved in principle US \$2.1 million for the closure of TCA production in China with funding to be provided in two tranches: the Committee approved the first tranche of US \$1.4 million for the 2004-2008 programme; the second tranche would be released at the last meeting in 2008 upon submission of the implementation programme for 2009 and beyond.

44th and 45th Meetings of the Executive Committee (decision 43/45 and 43/46)

The Executive Committee decided that the 44th Meeting would take place in Prague from 29 November to 3 December 2004. It was proposed that the date and venue for the 45th Meeting should be fixed provisionally as 4 to 8 April 2005 in Montreal.

Report of the Forty-third Meeting

For a complete record of all decisions made at the 43rd meeting including those discussed in this document, the reader is referred to the 'Report of the Forty-third Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol' (UNEP/OzL.Pro/ExCom/43/61 and UNEP/OzL.Pro/ExCom/43/61/Corr.1) 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 43rd meeting of the Executive Committee

Executive Committee Members	Co-opted countries
Non Article 5	
Austria	Sweden
Belgium	
Canada	
Hungary	
Japan	
United Kingdom	France, Italy, Germany,
United States of America	
Article 5	
Argentina	Bolivia, Brazil, Chile, Colombia, Uruguay
Bangladesh	Maldives, Sri Lanka
China	India, Thailand
Cuba	Barbados, Venezuela
Iran	Jordan, Syria
Mauritius	Sudan, Zambia
Niger	Gabon, Guinea