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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-sixth Meeting
Montreal, 4-8 July 2005

PROVISIONAL ANNOTATED AGENDA

1. Opening of the meeting

Opening remarks by the Chairperson of the Executive Committee.

2. Organizational matters:

(a) Adoption of the agenda

Document UNEP/OzL.Pro/ExCom/46/1: contains the Provisional Agenda for the 46th Meeting of the Executive Committee.

Action expected from the Executive Committee: the Committee might wish to adopt the Agenda of the meeting on the basis of the Provisional Agenda as contained in document UNEP/OzL.Pro/ExCom/46/1.

(b) Organization of work

The Chairperson will propose to the plenary the organization of work.

3. Secretariat activities

Document UNEP/OzL.Pro/ExCom/46/2: presents a report on the activities of the Secretariat since the 45th Meeting of the Executive Committee. The document includes information on the follow-up activities implemented by the Secretariat on the outcome of the 45th Meeting, and the preparations for the 46th Meeting, as well as information on the missions undertaken by the Chief Officer and the staff of the Secretariat during this period of time.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

Issues to be addressed: none.

Action expected from the Executive Committee: the Executive Committee may wish to take note of the report.

4. Status of contributions and disbursements

Document UNEP/OzL.Pro/ExCom/46/3: provides information on the status of the Fund as at 31 May 2005 as recorded by the Treasurer. As of that date, the Fund's balance stands at US \$79,198,294, after taking into account all the funds approved by the Executive Committee, up to and including those approved at the 45th Meeting. The Fund's balance has been updated by the Treasurer to reflect new contributions made by the Parties. It also provides updated information on the gain and loss in the fixed exchange rate mechanism and provides information of promissory note transfer, receipts and encashment as a follow up to decision 45/59 f (i).

Action expected from the Executive Committee: the Executive Committee may wish to take note with appreciation, of the Treasurer's report.

5. Status of resources and planning:

(a) Report on balances and availability of resources

Document UNEP/OzL.Pro/ExCom/46/4: contains the submissions of the implementing agencies on completed projects with balances, the return of funds from cancelled projects, and other project adjustments.

Issues to be addressed:

- Implementing agencies returning US \$1,983,485 plus US \$246,548 in agency fees; and
- Total resources available for the 46th Meeting.

Action expected from the Executive Committee: the Executive Committee may wish to:

1. Note the report on project balances contained in UNEP/OzL.Pro/ExCom/46/4.
2. Note the net level of funds being returned by the multilateral implementing agencies to the 46th Meeting against project balances totalling US \$1,983,485 that includes the return of US \$69,845 from UNDP; US \$1,216,495 from UNEP; US \$18,797 net of reimbursement of funds previously returned twice for one project from UNIDO; and US \$678,348 from the World Bank.
3. Note the net level of support costs being returned by the multilateral implementing agencies to the 46th Meeting against project support cost balances totalling US \$246,548 that includes the return of US \$9,040 from UNDP; US \$142,965 from UNEP; US \$6,362 net of reimbursement of support costs previously returned twice for one project by UNIDO; and US \$88,181 from the World Bank.

4. Note that implementing agencies had balances totalling US \$2,940,519 excluding support costs from projects completed over two years ago: UNDP--US \$484,719 plus support costs; UNEP--US \$40,063 plus support cost; and the World Bank--US \$2,415,737 plus support costs.
5. Note that US \$81,428,327 (to be updated at the meeting) was available to the Executive Committee for approvals at the 46th Meeting.

(b) 2005 business plans

Document UNEP/OzL.Pro/ExCom/46/5: considers business planning in the light of the submissions to the 46th Meeting.

Issues to be addressed:

- Countries at risk of non-compliance in the 2005 business plan; and
- Activities left to be submitted in the 2005 business plans.

Action expected from the Executive Committee: the Executive Committee may wish to consider:

1. Noting the Report on the status of the 2005 business plans as contained in UNEP/OzL.Pro/ExCom/46/5.
2. Noting with concern, in light of paragraph 3 of decision XIV/39 of the Meeting of the Parties that requests “that the whole of the budget for 2003-2005 should be committed by the end of 2005”, the fact that US \$133 million is left to be submitted for activities in the 2005 business plans containing 12 new multi-year agreements and 205 other projects plus activities for the global chiller programme.
3. Urging bilateral and multilateral implementing agencies with projects in the 2005 business plans for countries subject to decisions of the Meeting of Parties on compliance to submit these projects to the 47th Meeting as a matter of urgency.

(c) Status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol

Document UNEP/OzL.Pro/ExCom/46/6: contains three parts. Part I is prepared in response to Decision 32/76(b) and presents analyses of potential compliance for CFCs, halons, methyl bromide, carbon tetrachloride (CTC) and methyl chloroform (TCA). Part II contains an update of the status of implementation of ongoing projects for all Article 5 countries that have been found to be in non-compliance by the Meeting of the Parties by country. Part III contains an analysis of the ODS consumption data by sector presented by Article 5 countries to the Executive Committee in their reports on the implementation of their country programmes.

Issues to be addressed:

- Status of compliance, status of implementation of ongoing projects and data on the implementation of country programmes;
- Countries for which decisions/recommendations were taken concerning compliance; and
- Need for timely submission of data on the implementation of country programmes.

Action expected from the Executive Committee: The Executive Committee may wish to:

1. Note the report on the status/prospects of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol as contained in UNEP/OzL.Pro/ExCom/46/6.
2. Request bilateral and implementing agencies to include phase-out activities, where appropriate, for eligible consumption in their 2006-2008 business plans for the following countries:
 - (a) For Halon: Kyrgyzstan and Somalia (when the conditions appear conducive to a sustainable operation).
 - (b) For methyl bromide: Bahrain
 - (c) For CTC: Ecuador, Nepal, Sierra Leone, and Uganda.
3. Urge bilateral and implementing agencies implementing institutional strengthening projects to continue their efforts to obtain data from National Ozone Units on the implementation of their country programmes and to inform National Ozone Units of the requirement of providing all required data to receive the maximum two-year renewal of institutional strengthening.
6. **Programme implementation:**
 - (a) **Final report on the evaluation of methyl bromide projects**

Document UNEP/OzL.Pro/ExCom/46/7: presents the final evaluation report on methyl bromide projects.

Issue to be addressed:

- Background, scope and approach of the evaluation;
- Sustainability of the phase-out achieved (technical, economical, institutional, political);
- Impact of demonstration projects and technology choice;
- Implementation delays; and
- Weaknesses observed with regard to progress and completion reports.

Action expected from the Executive Committee: the Executive Committee may wish:

1. To note the information provided in document UNEP/OzL.Pro/ExCom/46/7, and to consider the following recommendations:
 - (a) Urging Bilateral and/or Implementing Agencies and Ozone Units, as required by revised strategy and guidelines for projects in the methyl bromide (MB) sector to involve more fully all key stakeholders such as relevant government agencies, farmers and farmers' associations, fumigation companies using MB, MB importers, suppliers of alternative technologies, research institutions/universities, public and private extension services and NGOs in the project preparation and implementation, and, where appropriate, to encourage the use of Steering Committees to coordinate project implementation;
 - (b) Urging Bilateral and/or Implementing Agencies and Ozone Units to analyze in greater detail the long-term sustainability and economical viability of alternatives to MB during project preparation and implementation, taking into full consideration the equipment needed, its maintenance and servicing, and the operational costs, and to share the results of this analysis among major stakeholders associated with the project;
 - (c) Urging Bilateral and/or Implementing Agencies to assist relevant government authorities from the onset of project implementation to develop policy measures directed to eliminating MB use (e.g., labelling of commodities produced without MB, limiting maximum MB application rates, encouraging speedy registration and use of formulations that contain less MB and of MB alternatives needing registration, restricting the use of small MB canisters, taxes and levies on import of MB, mandatory registration by traders and farmers using MB, phase-out schedule for MB) and to sustaining the alternative technologies on a permanent basis, and to provide specific information in this respect in regular progress reports;
 - (d) Urging Bilateral and/or Implementing Agencies and Ozone Units to implement the Integrated Pest Management component of the project during the entire project cycle through interdisciplinary technical teams (which could include research and extension staff specialized in plant pathology, weed control, crop production and application of pesticides) with a view to reducing MB use and emissions during the transition period until total phase-out, as well as to enhance the overall effectiveness and sustainability of the implementation of the alternative technology;
 - (e) Urging Bilateral and Implementing Agencies to continue submitting for consideration by the Executive Committee annual progress reports on the implementation of MB phase-out projects as mandated in the relevant agreements between the Governments concerned and the Executive Committee, providing in all such reports information on results so far achieved, problems overcome and

lessons learnt and, where applicable, a plan of action for the subsequent tranche of a multi-year phase-out project;

- (f) Requesting UNEP and UNIDO to continue updating and maintaining the joint web site on MB alternatives based on the experience gained in implementation of MB phase-out projects and, for this purpose, to request Bilateral and/or the other Implementing Agencies to add their experiences in the implementation of their MB projects to this web site; and
 - (g) Requesting relevant Bilateral and/or Implementing Agencies to explore the feasibility of regional agreements between Article 5 countries facing similar issues regarding the phase-out of MB, for example melon producing countries in Central American, or cut flowers and/or tobacco crops in some African countries, in order to facilitate the phase-out of MB, standardize regulations and minimize the risk of illegal trade.
- (b) Desk study on non-compliance with the freeze in consumption of CFCs, halons, methyl bromide and methyl chloroform**

Document UNEP/OzL.Pro/ExCom/46/8 and Corr.1: present a synthesis of a desk study conducted by the Senior Monitoring and Evaluation Officer and two consultants who analyzed the documentation available. The desk study which is part of the 2005 Monitoring and Evaluation work Programme relates to discussions of the Executive Committee at its 43rd meeting with regard to causes of implementation delays and the concern that such delays may contribute to non-compliance in various countries. The analysis of lessons learnt with respect to the freeze will be useful in preparing for the next reduction steps for several ODSs in 2005 and resulting compliance problems.

Issue to be addressed:

- Methodological approach;
- Compliance and non-compliance by ODS;
- Cases of non-compliance and actions taken by the Executive Committee; and
- Reasons identified for non-compliance and return to compliance.

Action expected from the Executive Committee: the Executive Committee may wish:

1. To take note of the information contained in document UNEP/OzL.Pro/ExCom/46/8 and Corr.1.
2. To request the Senior Monitoring and Evaluation Officer to include countries in non-compliance in the sample of field visits for planned evaluations of RMPs in non-LVC countries and of national and sector phase-out plans in order to assess the impact of the respective activities.

(c) Amendment to monitoring and evaluation work programme for the year 2005

Document UNEP/OzL.Pro/ExCom/46/9: presents two suggested amendments to the 2005 Monitoring and Evaluation Work Programme. The first relates to adding US\$80,000 to the budget, to enable the preparation of country case studies for the evaluation of national and sector phase-out plans in the second half of 2005. The second suggests to reclassify evaluation reports submitted to the Executive Committee, including those submitted in the past years, as general distribution.

Issue to be addressed: none.

Action expected from the Executive Committee: the Executive Committee may wish to decide to:

1. Add US\$80,000 to the budget for the 2005 Monitoring and Evaluation Work Programme for the preparation of country case studies for the evaluation of national and sector phase-out plans in the second half of 2005.
2. Reclassify evaluation reports submitted to the Executive Committee including those submitted in the past years, as general distribution.

(d) Progress reports as at 31 December 2004:

(i) Consolidated progress report

Document UNEP/OzL.Pro/ExCom/46/10: summarises the progress and financial information of the implementation of projects and activities supported by the Fund up to 31 December 2004. The document contains three annexes: Annex I contains project implementation data by country; Annex II contains an analysis of progress report data; and Annex III contains status of projects by country.

Issues to be addressed:

- Slow rate of project completion;
- Slow delivery of projects;
- Completion dates for annual tranches of multi-year agreements; and
- Transfer of the halon banking project in Oman.

Action expected from the Executive Committee: the Executive Committee may wish to:

1. Note the Consolidated Progress Report of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/46/10.

2. Note the slow rate of project completion for the second consecutive year and the rates of achievement of project completion being as follows: UNDP (56%), UNEP (46%), UNIDO (44%), and the World Bank (59%).
3. Note the rates of achievement of planned ODS phase-out were as follows: UNDP (87%), UNIDO (44%), and the World Bank (95%).
4. Urge implementing agencies and Article 5 countries to expedite project implementation.
5. Request implementing agencies to specify completion dates for annual tranches of multi-year agreements that correspond to when activities supported by the tranche are to be completed.
6. Transfer the halon banking project in Oman (OMA/HAL/41/TAS/80) from the World Bank to UNIDO.

(ii) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/46/11: contains the progress report on activities up to 31 December 2004 implemented under bilateral cooperation by: Australia, Canada, Czech Republic, Finland, France, Germany, Hungary, Italy, Japan, Slovak Republic, Spain, Sweden and Switzerland.

Issue to be addressed:

- Progress reports that were not received from United Kingdom and United States of America;
- Additional monitoring for projects not subject to procedures for project cancellation; and
- Request for submission of data on recovery, recycling and reclamation from halon banking projects under German implementation.

Action expected from the Executive Committee: The Executive Committee may wish to:

1. Note with appreciation the progress reports submitted by the Governments of Australia, Canada, Czech Republic, Finland, France, Germany, Hungary, Italy, Japan, Slovak Republic, Spain, Sweden and Switzerland.
2. Request the Governments of United Kingdom and United States of America to provide their progress reports to the 47th Meeting of the Executive Committee.
3. Request the Governments of France, Germany, Italy, Japan and Sweden to provide reports on the projects with implementation delays to the 47th Meeting of the Executive Committee.
4. Monitor the following projects as projects with implementation delays and note their slow progress:

- (a) The Halon banking project in India under Australian (IND/HAL/32/TAS/281) and Canadian (IND/HAL/32/TAS/278) implementation;
 - (b) Regional halon bank for Eastern and Southern African countries (Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania and Zimbabwe) (AFR/HAL/35/TAS/29) under German implementation;
 - (c) West Asia countries: Bahrain, Lebanon, Qatar and Yemen (ASP/HAL/30/TAS/360) under German implementation;
 - (d) Halon banking project in Algeria (ALG/HAL/35/TAS/51); Halon banking project in Nigeria (NIR/HAL/37/TAS/103); and
 - (e) Halon banking project in Syria (SYR/HAL/34/TAS/77).
5. Request Germany to submit data on recovery, recycling and reclamation from halon banking projects as requested by the Fund Secretariat.

(iii) UNDP

Document UNEP/OzL.Pro/ExCom/46/12: contains the progress report of UNDP for activities up to 31 December 2004 and the comments and recommendations of the Fund Secretariat on the Report.

Issue to be addressed:

- Possible request for additional status reports on projects with slow progress.

Action expected from the Executive Committee: the Executive Committee may wish to:

1. Note UNDP's progress report contained in UNEP/OzL.Pro/ExCom/46/12.
2. Monitor the following projects as projects with implementation delays and note their slow progress:
 - (a) Regional halon bank West and Central Africa (Benin, Burkina Faso, Cameroon, Congo, Congo DR, and Guinea) (AFR/HAL/37/TAS/31);
 - (b) Halon banking activity in Egypt (EGY/HAL/32/TAS/81);
 - (c) Technical assistance for revision, preparation and introduction of national fire codes/standards for use of halon alternative technologies in India (IND/HAL/29/TAS/243);
 - (d) Country programme update in Nigeria (NIR/SEV/36/CPG/102); and

3. Note that UNDP will report to the 47th Meeting on up to 25 projects with implementation delays including 6 projects that were so classified last year.

(iv) UNEP

Document UNEP/OzL.Pro/ExCom/46/13: contains the progress report of UNEP for activities up to 31 December 2004 and the comments and recommendations of the Fund Secretariat on the Report.

Issues to be addressed:

- Possible request for additional status reports on projects with slow progress; and
- Report on the project ARG/SEV/30/TAS/104 as requested in decision 45/12(e).

Action expected from the Executive Committee: the Executive Committee may wish to:

1. Note UNEP's progress report and its response to decision 45/7(c) contained in UNEP/OzL.Pro/ExCom/46/13.
2. Monitor the following projects as projects with implementation delays and note their slow progress:
 - (a) "Development of guidelines to promote safety in aerosol conversions" (GLO/ARS/39/TAS/246);
 - (b) "Training modules on management of ODS phase-out in SMEs" (GLO/SEV/19/TAS/112);
 - (c) Institutional strengthening in Grenada (GRN/SEV/30/INS/02 and GRN/SEV/44/INS/07);
 - (d) Institutional strengthening in Paraguay (PAR/SEV/39/INS/13);
 - (e) RMP components in Paraguay (PAR/REF/32/TAS/06, PAR/REF/32/TAS/10, and PAR/REF/32/TRA/07);
 - (f) Institutional strengthening in Rwanda (RWA/SEV/36/INS/03 and RWA/SEV/41/INS/05);
 - (g) RMP components in Rwanda (RWA/REF/41/TAS/09, RWA/REF/41/TRA/06, and RWA/REF/41/TRA/07);
 - (h) Institutional strengthening in Cape Verde (CBI/SEV/36/INS/02); and,
 - (i) Monitoring of RMP activities in Laos (LAO/REF/34/TAS/07).

3. Note that UNEP has 20 projects classified with implementation delays, including 5 projects that were so classified last year, and that a report on these projects should be submitted to the 47th Meeting.
4. Note that UNEP reported on the project “Policy assistance for the design and implementation of an ODS import/export licensing system for Argentina (ARG/SEV/30/TAS/104) as requested in decision 45/12(e) and that the reallocated funds would be used for a backup system, integrating new modules into the system and technical support.

(v) UNIDO

Document UNEP/OzL.Pro/ExCom/46/14: contains the progress report of UNIDO for activities up to 31 December 2004 and the comments and recommendations of the Fund Secretariat on the Report.

Issues to be addressed: none.

Action expected from the Executive Committee: The Executive Committee may wish to:

1. Note UNIDO’s progress report contained in UNEP/OzL.Pro/ExCom/46/14.
2. Note that UNIDO will report to the 47th Meeting on up to 23 projects with implementation delays including 9 projects that were so classified last year.

(vi) World Bank

Document UNEP/OzL.Pro/ExCom/46/15: contains the progress report of the World Bank for activities up to 31 December 2004 and the comments and recommendations of the Fund Secretariat on the Report.

Issues to be addressed:

- Request for additional status reports on projects with slow progress.

Action expected from the Executive Committee: The Executive Committee may wish to:

1. Note the World Bank’s progress report contained in UNEP/OzL.Pro/ExCom/46/15.
2. Note that the World Bank will report to the 47th Meeting on a total of 29 projects with implementation delays including 20 projects that were so classified last year.

3. Monitor the following projects through an additional status report in the context of projects with implementation delays at the 47th Meeting and note their slow progress:
 - (a) Post-harvest disinfection demonstration project in Argentina (ARG/FUM/29/DEM/93); and
 - (b) Halon banking activity in Turkey (TUR/HAL/38/TAS/80).
 - (e) **Evaluation of the implementation of the 2004 business plans and follow-up to decision 45/59 (c)**

Document UNEP/OzL.Pro/ExCom/46/16: presents the evaluation of the 2004 business plans of the implementing agencies using the quantitative indicators approved at the 41st Meeting. It also contains a review of the weighting of the quantitative performance indicators per decision 45/59(c) and the recommendations of the Secretariat.

Issues to be addressed:

- Implementing agencies' performance against their 2004 business plan performance indicators; and
- Need for modifications to the weighting of quantitative performance indicators.

Action expected from the Executive Committee: the Executive Committee may wish:

1. To note the evaluation of the implementing agencies' performance against their 2004 business plans as contained in UNEP/OzL.Pro/ExCom/46/16.
2. To consider the need for modifications to the weightings for performance indicators, and report to the Meeting of the Parties on the outcome of its deliberations in the light of Recommendation 11 of the Report on the Review and Evaluation of the Financial Mechanism of the Montreal Protocol.
 - (f) **Qualitative performance indicators and feasibility and desirability of extending current performance indicators to bilateral implementing agencies (follow-up to decisions 44/6 and 45/59 (d) (ii))**

Document UNEP/OzL.Pro/ExCom/46/17: provides a compilation of information from NOUs on qualitative performance indicators, followed by a review of the feasibility and desirability of extending current performance indicators to bilateral implementing agencies, and concludes with recommendations.

Issues to be addressed:

- Revised set of qualitative performance indicators and assessment report; and
- Extension of current performance indicators to bilateral agencies.

Action expected from the Executive Committee: the Executive Committee may wish to:

1. Take note of document UNEP/OzL.Pro/ExCom/46/17 and report to the Meeting of the Parties on the outcome of its deliberation in the light of Recommendations 9 and 12 of the Report on the Review and Evaluation of the Financial Mechanism of the Montreal Protocol.
2. Adopt the revised set of qualitative performance indicators and assessment report contained in Annex I to the current document for implementation in the context of the 2005 evaluation of the performance of bilateral and multilateral implementing agencies.
3. Request bilateral implementing agencies to set performance indicator targets for quantitative performance indicators starting with their 2006 business plans for implementation in the context of the 2006 evaluation of the performance of the bilateral and multilateral implementing agencies of the Multilateral Fund.

(g) Project implementation delays and follow-up to decision 45/59 (e)

Document UNEP/OzL.Pro/ExCom/46/13: contains an assessment of progress on projects identified with implementation delays based on decisions taken at previous meetings of the Executive Committee, addresses projects proposed for cancellation and their impact on compliance, and provides information on how to avoid future delays pursuant to decision 45/59(e).

Issues to be addressed:

- Reports to be presented at the meeting by UNDP on Sebha foam and Ben Ghazi foam projects in Libya (LIB/FOA/32/INV/05 and 08) and by France on milestones and deadlines for the CFC emission reduction project in Syria (SYR/REF/29/INV/56).

Action expected from the Executive Committee: the Executive Committee may wish to consider:

1. Noting with appreciation the reports submitted to the Secretariat on projects with implementation delays by France, Germany and the four implementing agencies as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/46/18).
2. Noting that the Secretariat and implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress, and report and notify governments and implementing agencies as required.
3. Noting the completion of 17 out of the 55 projects listed with implementation delays.

4. Adopting the milestones and deadlines indicated in the following table:

Agency	Code	Project Title	Milestones and Deadlines
France	SYR/REF/29/INV/56	CFC emission reduction in central air conditioning in Syria	Milestone/deadline to be set at meeting.
IBRD	PAK/FOA/29/INV/34	Conversion from CFC-11 to water-based technology in the manufacture of rigid polyurethane shoe soles at Jaguar Industries in Pakistan	Equipment installation by July 2005.
UNIDO	IRA/FOA/28/INV/50	Phasing out ODS in manufacturing of flexible PU slabstock foam through the use of liquid CO2 blowing technology at Bahman Plastic Co. in Iran	NOU will provide a decision on how the Government will proceed by the beginning of August 2005.

5. Noting that letters of possible cancellation should be sent for the following project:

Agency	Code	Project Title
France	MOR/FUM/29/INV/37	Phase-out of methyl bromide use in the cut flower and banana production in Morocco

6. Cancelling the country programme update in Argentina (ARG/SEV/39/CPG/134) by mutual agreement.
7. Noting the report on how to avoid project implementation delays and encouraging bilateral and multilateral implementing agencies to take the findings into account in future project design and implementation.

(h) Report on implementation of approved projects with specific reporting requirements.

Document UNEP/OzL.Pro/ExCom/46/19: contains: a report on the change of technology provider for the project to phase out CFC consumption in metered dose inhalers (MDIs) in Cuba, a progress report on the redeployment of the equipment purchased for the phase-out of CFCs in the manufacture of an aerosol plant in Macedonia (follow-up to decision 45/12 (i)); a request for a change to the phase-out schedule of the project for phasing out methyl bromide (MB) in horticulture and cut flowers; a progress report on the implementation of the technical assistance for MB reductions and the formulation of regional phase out strategies for low-volume-consuming countries in Africa; and a status report on the disbursement of the second tranches of the national CFC phase-out plans in Mexico and Venezuela (decisions 45/51 and 45/52).

Issue to be addressed:

- Change of technology provider for the MDI project in Cuba: None
- Redeployment of the aerosol equipment purchased for Macedonia: None

- MB phase-out schedule in Uruguay, and the request for a revision to the phase-out schedule in light of decision XV/44 of the Fifteenth Meeting of the Parties.
- MB technical assistance programme in some African countries: None
- Status report on the disbursement of sector tranches in Mexico and Venezuela: None

Action expected from the Executive Committee: the Committee may wish to:

1. Take note of the change of technology provider for MDI project in Cuba; that the new completion date of the project March 2008; and commend the efforts of Cuba and UNDP in securing an alternative provider for the development of the non-CFC technology.
2. Take note of the report for the request to change the phase-out schedule in MB project in Uruguay; consider approving the revisions to the Agreement between Uruguay and the Committee, on the understanding that the approval is without prejudice to the Montreal Protocol's mechanism for dealing with non compliance, and pending a possible decision by the Seventeenth Meeting of the Parties on the revised plan of action for the phase-out of MB in Uruguay; and note that, before the end of 2010 Uruguay and UNIDO would submit a full report on the implementation of the phase-out plan, and at that time, Uruguay would consider the possibility of completing the phase-out of MB earlier than 2013.
3. Take note of the progress report on the implementation of the MB technical assistance programme for low-volume-consuming countries in Africa; request UNDP to make all attempts to complete all the objectives proposed in the programme on time, and to submit a report to the 48th Meeting on progress so far achieved; further request UNDP to report to the 47th Meeting on whether any of the countries covered by the technical assistance programme are likely to be in non-compliance with their Protocol obligations.

7. Project proposals:

(a) Overview of issues identified during project review

Document UNEP/OzL.Pro/ExCom/46/20: provides statistics on project submissions received, presents an issue arising from project review and contains the list of all projects and activities recommended for blanket approval (Annex I) and the list of projects for individual consideration (Annex II).

Issues to be addressed:

- TPMPs for low-volume-consuming (LVC) countries: progress reports on implementation of approved recovery and recycling programmes

Action expected from the Executive Committee: The Executive Committee may wish to:

1. Request bilateral and implementing agencies preparing reports under decision 45/54 to prepare them with a similar format and providing a similar comprehensive overview of

the implementation of the RMP as contained in the reports currently prepared under decision 31/48 for RMP updates.

2. Approve the list of projects recommended for blanket approval (Annex I to the above document).

(b) Bilateral cooperation;

Document UNEP/OzL.Pro/ExCom/46/21: contains 4 projects and activities submitted for approval by Governments of France, Italy, Spain and Sweden as bilateral cooperation. All the projects and activities will be considered in Agenda Item 7 (d) investment projects.

Issues to be addressed: none.

(c) Amendments to work programmes for 2005:

(i) Amendments to work programmes for 2005 of UNEP

Document UNEP/OzL.Pro/ExCom/46/22: contains 10 activities submitted by UNEP, including eight requests for new or renewed institutional strengthening projects. Five of the activities were recommended for blanket approval and were considered in Agenda Item 7(a). Two new institutional strengthening projects and three institutional strengthening renewals are for individual consideration.

Issues to be addressed:

- Afghanistan has requested an additional US \$20,000 in start up costs for institutional strengthening pending completion of country programme preparation.
- Turkmenistan is a newly re-classified Article 5 country that previously received funding for CFC phase-out through the GEF. It has requested institutional strengthening support.
- Albania has requested funding for year three of its first institutional strengthening project. This will be the second year for which Albania has sought institutional strengthening funding while still at the risk of being in non compliance with its Montreal Protocol obligations.
- Barbados has requested funding for the second year of phase III of its institutional strengthening project. Barbados is now in compliance with methyl bromide consumption requirements. However in decision XVI/32 Barbados, which has ratified the Montreal Amendment, was found to be non compliant with the requirement to have a licensing system established.
- Belize is requesting approval of funding for Phase III of its institutional strengthening project. At the time of preparation of this document Belize had not reported 2004 consumption under Article 7. There is therefore no indication of whether Belize is in compliance with its Action Plan requirements.

Action expected from the Executive Committee: the Committee may wish to:

1. Consider whether to approve an additional US \$20,000 in start-up funding for Afghanistan.
2. Consider whether to approve the provision of institutional strengthening support for Turkmenistan.
3. Consider whether to approve funding for the third year of phase I of institutional strengthening for Albania.
4. Consider whether to approve the second year of phase III of institutional strengthening of Barbados.
5. Consider whether to approve phase III of institutional strengthening for Belize.

(ii) Amendments to work programmes for 2005 of UNDP

Document UNEP/OzL.Pro/ExCom/46/23: contains one activity submitted by UNDP, a project for renewal of institutional strengthening in Argentina. The activity is recommended for blanket approval and there are no issues for consideration.

(iii) Amendments to work programmes for 2005 of UNIDO

Document UNEP/OzL.Pro/ExCom/46/24 and Corr.1: contains 15 activities submitted for funding by UNIDO including one request for renewal of an institutional strengthening project. Thirteen activities were recommended for blanket approval and have been considered in Agenda Item 7(a). Two project preparation activities are referred for individual consideration.

Issues to be addressed:

- UNIDO has requested project preparation funding for a TPMP for Algeria. Funding for this purpose was approved as bilateral cooperation for Germany at the 37th Meeting. UNIDO has indicated that Algeria proposes to continue the activity with UNIDO, while Germany has advised that its project is almost complete and discussions on modalities are in progress. At this stage, the request appears to constitute double counting. The Committee will be advised of any further developments.
- Saudi Arabia, reclassified as an Article 5 country, has requested support for preparation of a TPMP by UNIDO. Subsequent to the 24th and 29th Meetings respectively, the Executive Committee urged Saudi Arabia not to seek funding from the Multilateral Fund and reminded Saudi Arabia of decision VI/5(e) adopted by the Contracting Parties at their Sixth Meeting.

Action expected from the Executive Committee: the Committee may wish to:

1. Consider whether the project preparation funding should not be approved on the grounds of double counting, pending any additional clarifications from UNIDO.
2. Consider whether to agree to provide assistance with project preparation of a TPMP for Saudi Arabia.

(iv) Amendments to work programmes for 2005 of the World Bank

Document UNEP/OzL.Pro/ExCom/46/25: contains three activities submitted by the World Bank, one project preparation request and two institutional strengthening renewals. All three activities are recommended for blanket approval and have been considered in Agenda Item 7(a). There are no issues for consideration.

(d) Investment projects.

Document UNEP/OzL.Pro/ExCom/46/20: contains in Annex II a list of six projects for individual consideration. All other investment projects were recommended for blanket approval and were considered in Agenda Item 7(a). Incremental costs have been agreed for all the projects.

Issues to be addressed:

- In the Annex II table (below): each of the six projects should be considered for approval individually. Project descriptions and the comments of the Secretariat can be found in the relevant country project document referred to in the table (*if required, the Secretariat will outline the issue or issues involved*).

Table 1: List of projects for individual consideration

Country	Sector	Project title	Agency	Document
Albania	Phase-out	National ODS phase out plan (2nd tranche)	UNIDO	UNEP/OzL.Pro/ExCom/46/26
Argentina	Fumigant	Methyl bromide phase-out in tobacco and non-protected vegetable seedbeds (fifth tranche)	UNDP	UNEP/OzL.Pro/ExCom/46/27
Brazil	Fumigant	Total phase-out of MB used in tobacco, flowers, ornamentals, strawberries and other uses	Spain, UNIDO	UNEP/OzL.Pro/ExCom/46/28
Egypt	Phase-out	National CFC phase-out plan (first tranche)	UNIDO	UNEP/OzL.Pro/ExCom/46/32
Nigeria	Phase-out	Terminal ODS phase-out umbrella project in the solvent sector (2nd tranche)	UNIDO	UNEP/OzL.Pro/ExCom/46/34 and Add.1

Action expected from the Executive Committee: the Committee might consider whether to approve each of the six projects listed in the table on the basis of: the information provided in the relevant project proposal document including the Secretariat's comments; any additional

documents circulated in accordance with decision 41/80; and, any additional information provided at the meeting by the Secretariat or the relevant implementing agency.

8. Study on criteria and modalities for chiller demonstration projects (decisions 45/4 (d) and 45/60)

Document UNEP/OzL.Pro/ExCom/46/37: On the basis of a decision of the Sixteenth Meeting of the Parties and the Executive Committee's decision at the 45th Meeting, the Secretariat prepared a policy paper regarding criteria and modalities for chiller demonstration projects for the consideration of the Executive Committee. The paper provides a basis for the preparation and subsequent evaluation of demonstration projects for submission to the 47th Meeting of the Executive Committee, to be funded from a funding window of US \$15.2 million approved at the 45th Meeting of the Executive Committee. The introduction and description of the chiller sub-sector in Article 5 countries are followed by a section on existing policies and experience of the Multilateral Fund on the chiller sub-sector, a discussion on benefits and barriers, and is concluded by a recommendation for the Executive Committee's consideration.

Issue to be addressed: Methodologies and criteria, as well as process for development of demonstration projects to be submitted to the 47th Meeting.

Action expected from the Executive Committee: To be advised

9. Provisional 2004 accounts

Document UNEP/OzL.Pro/ExCom/46/38: This document summarises the provisional accounts for the year 2004. The 2004 provisional accounts are submitted to this meeting for information only pending their certification by the Executive Director of UNEP. The final 2004 Accounts will be submitted to the 47th meeting following a new schedule of submission agreed on at the workshop on common terminology and procedures.

Issues to be addressed: none.

Action expected from the Executive Committee: the Executive Committee may wish to note that the final 2004 accounts will be submitted to the Committee at its 47th meeting.

10. Draft agreement between the Treasurer and the implementing agencies (follow-up to decision 45/58 (b))

Document UNEP/OzL.Pro/ExCom/46/39: This document submits the text of individual draft Agreements between the Treasurer and UNDP, UNIDO, UNEP and the World Bank for the Committee's review and endorsement.

Issues to be addressed:

The texts of the draft Agreements between the Treasurer, UNDP, UNIDO and UNEP are similar. The text of the draft Agreement between the Treasurer and the World Bank is different from the

texts of the individual draft Agreements between the Treasurer and the other implementing agencies particularly in respect to:

- (a) Clause 3.2 on financial commitments: UNDP, UNIDO and UNEP will make commitments for financing before the receipt of funds in the accounts whereas the Bank will make no commitments for financing before the receipt of funds in the accounts.
- (b) Clauses 4.1, 4.2, 4.3 and 4.4 on financial reporting and the cost of audit requirements:
 - (i) The Bank will prepare a statement of receipts, disbursements and the fund balance and will forward a copy to the Treasurer within ninety (90) days of each March 31, June 30, September 30 and December 31 while UNEP, UNIDO and UNDP will submit financial statements to the Treasurer on 30 September and 31 January of the year following the accounting period.
 - (ii) In the event that there are insufficient funds to conduct annual external audits of the Bank's Ozone Trust Fund, the Bank should notify the Executive Committee of the shortfall. Subject to approval by the Executive Committee, the Treasurer shall pay-in such a shortfall as instructed by the Executive Committee.
- (c) Clause 5.1 on the period of notice for termination of the Agreement: UNDP, UNIDO and UNEP agree to provide 180 days notice prior to intended termination while in the case of the Bank the proposed notice of termination is 30 days.

Action expected from the Executive Committee: the Executive Committee may wish to:

1. Take note of Document UNEP/OzL.Pro/ExCom/46/39.
2. Endorse the text of the Agreements between the Treasurer and each of UNDP, UNIDO and UNEP.
3. Consider whether to endorse the following alternative conditions sought by the World Bank in:
 - (a) clause 3.2 concerning financial commitments being contingent on the receipt of funds.
 - (b) Clauses 4.1, 4.2, 4.3 and 4.4 on audit processes of the World Bank and subsequent additional audit costs to be born by the Fund.
 - (c) Clause 5.1 on the proposed termination notice of 30 days.

11. Review of the administrative cost regime (decision 44/7)

Documents UNEP/OzL.Pro/ExCom/46/40: addresses the administrative costs of UNDP, UNIDO and the World Bank per decision 44/7. The document reviews the administrative costs incurred by these agencies for core units and other activities, the amount of revenue for administrative costs available to agencies, and concludes with an analysis of administrative costs and revenues and recommendations for revising the current regime to account for recent trends and expected requirements.

Issues to be addressed:

- Costs increases in core unit costs;
- Expected revenue for overall administrative costs; and
- Proposed amendment to the administrative cost regime.

Action expected from the Executive Committee: the Committee may wish to:

1. Note the document on administrative costs as presented in UNEP/OzL.Pro/ExCom/46/40.
2. Re-establish for the 2006-2008 triennium decision 38/68 and its administrative cost regime with the following modifications:
 - (a) Approving core unit costs for UNDP based on its 2005 estimated costs of US \$1,858,740 with an annual increase of up to 3 per cent;
 - (b) Approving core unit costs for UNIDO based on its 2005 estimated cost of US \$1,917,800 with an annual increase of up to 3 per cent;
 - (c) Approving core unit costs for the World Bank of US \$1.5 million with an annual increase of up to 3 per cent, while noting that such revenue is likely to provide a surplus for future years; and
3. Note that for UNIDO to maintain its current level of administrative costs in the future it would have to either significantly increase its revenue, including continued and increasing subsidies from the Organization, and/or significantly reduce its administrative cost.

12. Report on programme support costs of bilateral cooperation projects (follow-up to decisions 43/40 and 45/57)

Documents UNEP/OzL.Pro/ExCom/46/41: contains a proposal from the Government of Japan for core unit funding for bilateral agencies. The paper was prepared in the light of the report on programme costs of bilateral cooperation projects (Follow-up to decision 43/40)" (UNEP/OzL.Pro/ExCom/45/49).

Issues to be addressed:

- Core unit funding for bilateral agencies;
- Application of decisions 26/41 and 38/68 with core unit funding for bilateral agencies; and
- Need for the review of administrative costs for projects with a value between US \$500,000 to US \$5million for projects under the SME window (Decision 25/56).

Action expected from the Executive Committee: the Committee may wish to note the document and consider the following recommendations provided in the document by the Government of Japan:

1. That the bilateral agency can choose to request for the core unit funding in line with decisions 38/68 on the understanding that expenses for project formulation/preparation should be accommodated by the core unit funding unless the budget for such activities is specifically approved.
 2. That the bilateral agency which chooses to request for the core unit funding should submit the cost estimate of such funding for approval at the Executive Committee based upon its average use of support costs over the latest three years but within the limit of support costs relevant to its business plans.
 3. That the bilateral agency applying for the core unit funding in 2005 should be invited to submit such cost estimate to the Executive Committee for its approval at the 47th Meeting.
 4. That the Executive Committee should apply mutatis mutandis its decisions 26/41 and 38/68 on the agency administrative cost regime and its core unit funding budget and review annually the core unit funding for bilateral agencies.
 5. That the Executive Committee at the 48th Meeting in 2006 will review and identify relevant applicable rates of agency fee on projects with the value ranging from US \$500,000 to US \$5 million and assess on a case by case basis projects with the value exceeding US \$5 million as well as the agency fee for projects under the SME window (Decision 25/56) in the light of the reports of the bilateral agencies on the actual administrative costs of such projects and the use of the core unit funding during the period from 2002 to 2005.
- 13. Report on the review of guidelines relating to collection, recovery, recycling and destruction of ozone-depleting substances (decision 44/63)**

Documents UNEP/OzL.Pro/ExCom/46/42: presents a compilation of decisions and other guidance provided by the Meeting of the Parties and the Executive Committee with respect to the indicative list of categories of incremental costs; collection, recovery, recycling and reclamation; refrigerant recovery; halon banking; methyl bromide; destruction of ODS and concludes with recommendations.

Issue to be addressed:

- Whether further guidelines should be elaborated.

Action expected from the Executive Committee: the Committee may wish to:

1. Note the report on the guidelines relating to collection, recovery, recycling and destruction of ozone-depleting substances as contained in UNEP/OzL.Pro/ExCom/46/42.
2. Consider whether to elaborate further guidelines for the funding of projects of collection, recovery, recycling and destruction of ozone-depleting substances as proposed in decision 44/63 (b).

14. Phase-out agreements: flexibility conditions (decision 45/15).

Document UNEP/OzL.Pro/ExCom/46/43: contains a paper suggesting a definition of minor and major changes to annual implementation programmes of multi-year projects and providing a methodology for the Executive Committee to consider and endorse major changes before they are implemented. These arrangements are proposed for new multi-year agreements only. All approved multi-year projects will continue to be implemented without any changes to their agreements or to their method of implementation.

Issues to be addressed:

- Whether the proposed differentiation between major and minor changes strikes the correct balance.

Action expected from the Executive Committee: the Committee may wish to consider whether to endorse the proposed differentiation between major and minor changes to AIPs and whether to adopt the proposed change to the existing guidelines for performance-based phase-out plans.

15. Criteria for the assessment of the progress reports and verification audits of multi-year agreements (decision 44/58)

Documents UNEP/OzL.Pro/ExCom/46/44: contains the revisions requested at the 44th Meeting on the criteria and reflects the views expressed by Executive Committee members at that meeting and, in particular, the results of the workshop organized by the World Bank in accordance with Decision 44/58 held during the 45th Meeting. Part One of the document presents the revised format for reporting on the implementation of the country programme, which was formerly presented as a format for annual reporting on refrigerant management plans (RMPs). Part Two presents the draft guidelines for the verification of multi-year agreements (MYAs). Annex III presents the report of the World Bank on the workshop on the criteria.

Issues to be addressed:

- The adequacy and appropriateness of the revised format for the reporting on the implementation of country programmes;
- The appropriate authority and organization to conduct the verification of multi-year agreements;
- The adequacy of support cost to pay for the verification of MYAs;
- The timing of verification in view of the request for funding; and
- The adequacy and appropriateness of the proposed conceptual basis, the procedures and data requirements for the verification of MYAs

Action expected from the Executive Committee: In view of the significant challenges posed by the 50 per cent reduction of Annex A Group I substances in 2005 and especially the 85 per cent reduction in 2007 to Article 5 countries, and the need to enhance monitoring of the implementation of RMPs to enable the Multilateral Fund to assist as early as possible before non-compliance becomes an issue, the Executive Committee may wish to:

1. Approve replacing the existing format for reporting on country programmes by the revised format for reporting on country programmes contained in Annex I to this document.
2. Request national ozone units to report on the implementation of the country programme using the revised format, starting in 2006.
3. Request the Secretariat to incorporate the data so collected in the annual analysis forecasting on the compliance potential of Article countries.
4. Review the revised format at the last meeting of the Executive Committee in 2007.

With regard to the draft guidelines for the verification of MYAs, the Executive Committee should provide guidance on the 3 policy-related issues discussed in this document regarding the draft guidelines and subsequently adopt, as general guidance, the proposed conceptual basis, the procedures and the data requirement for the verification. This would enable the implementing agencies to proceed with the verifications mandated under the multi-year agreements.

16. Report on the operation of the Executive Committee (decisions 44/57 and 45/56 (b))

Documents UNEP/OzL.Pro/ExCom/46/45: contains the report on operation of the Executive Committee without Sub-Committees and potential for an inter-sessional approval procedure (UNEP/OzL.Pro/ExCom/44/69), resubmitted by the Secretariat in line with decision 45/56(b), and with the aim of facilitating the Executive Committee's reconsideration of "the proposals set out in document UNEP/OzL.Pro/ExCom/44/69 regarding the establishment of an intersessional approval procedure with a view to resuming discussion of the issue at the 46th Meeting" foreseen in that decision.

Issues to be addressed:

- The need and the type of procedure required; and
- The timing of introducing such procedure.

Action expected from the Executive Committee: the Committee may wish to resume discussion on the issue and decide as appropriate.

17. Draft outline of an Executive Committee primer (decision 45/59 (d) (i))

Document UNEP/OzL.Pro/ExCom/46/46: In response to decision 45/59(d) the Secretariat prepared a draft outline of an Executive Committee primer with the aim of presenting a draft primer to the 47th Meeting. In preparing the outline, the Secretariat took into consideration issues and ideas raised in the report of the 2004 evaluation and review of the financial mechanism and the Executive Committee's discussions on the recommendations of the report as requested by decision XVI/36 of the Sixteenth Meeting of the Parties.

Issues to be addressed: none.

Action expected from the Executive Committee: the Executive Committee may wish to take note the draft outline of an Executive Committee primer as contained in UNEP/OzL.Pro/ExCom/46/46, and request the Secretariat to proceed with the development of a draft primer for submission at the 47th Meeting.

18. Report of the Executive Committee's Subgroup on the Production Sector

The report will be submitted to the Executive Committee after the Subgroup meets during the 46th Meeting.
