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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-eighth Meeting
Montreal, 6-10 July 2009

SECRETARIAT ACTIVITIES

Notification of the Decisions of the 57th Meeting of the Executive Committee

1. The report of the 57th Meeting (UNEP/OzL.Pro/ExCom/57/69), containing the decisions of the Executive Committee, was conveyed to all Executive Committee members, other participants of the 57th Meeting, and to Parties to the Montreal Protocol. Additionally, decisions related to project approvals, implementation delays and annual tranche submission delays were communicated to 103 Article 5 countries, and to the relevant bilateral and implementing agencies. A post meeting document summarizing decisions taken at the 57th Meeting was placed on the Multilateral Fund's intranet and website and also conveyed to meeting participants and to Parties to the Montreal Protocol.

Decisions requesting certain actions by the Chair of the Executive Committee, the Secretariat and/or implementing agencies

2. Pursuant to decision 57/40 and in response to decision XX/4 of the 20th Meeting of the Parties (MOP), the Secretariat updated the report submitted to the 57th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/57/67), on the status of agreements to convert metered-dose inhaler manufacturing facilities in Article 5 countries and implementation of approved projects, with further information from implementing agencies and comments received from Members of the Executive Committee. Following its clearance by the Chair of the Executive Committee, the report was sent to the Ozone Secretariat for submission to the 29th Meeting of the Open-ended Working Group of the Parties (OEWG) and is available on the Ozone Secretariat's website as document UNEP/OzL.Pro.WG.1/29/3.

3. Pursuant to decision 57/41 and decision XVII/6 of the 17th MOP, the Secretariat updated the report submitted to the 57th Meeting on the progress made in reducing emissions of controlled substances from process agent uses (UNEP/OzL.Pro/ExCom/57/Inf.2) to include comments received from Executive Committee Members. The report was cleared by the Chair of the Executive Committee and transmitted to the Ozone Secretariat for submission to the 29th Meeting of the OEWG. It is available on the Ozone Secretariat's website as document UNEP/OzL.Pro.WG.1/29/4

4. Pursuant to decision 57/42 and decision XX/7 of the 20th MOP, the Secretariat provided the Ozone Secretariat with information on the Multilateral Fund's funding modalities for the report on possible funding opportunities for the management and destruction of ozone depleting substance banks which would be transmitted to the Parties at the 29th Meeting of the OEWG.

Review of tasks in preparation for the 58th Meeting

5. The Secretariat has undertaken the following tasks in preparation for the 58th Meeting.

Status of resources and planning

Balances and availability of resources

6. The Secretariat prepared information on balances and the availability of resources that included a review of the obligated total balances from completed projects held by agencies, and any agency support costs associated with the funds remaining from those completed projects. It also included a calculation of the total amount of resources available to the Executive Committee for approvals at the 58th Meeting. On the date of issuance of document UNEP/OzL.Pro/ExCom/58/4, this amounted to US \$90,134,159 taking into account the Fund balance as contained in document UNEP/OzL.Pro/ExCom/58/3, and the total returns from implementing and bilateral agencies (excluding Germany).

2009 business plans and annual tranche submission delays

7. The Secretariat examined approvals up to the 57th Meeting together with the total level of funds to be requested at the 58th Meeting in light of the allocations in the 2009 business plan. Document UNEP/OzL.Pro/ExCom/58/5 provides a summary of the relevant decisions taken at the 57th Meeting and the resulting modifications to the resources allocated in the agencies' 2009-2011 business plans, and highlights projects in the 2009 business plans that were not submitted to either the 57th or 58th Meetings. Projects required for compliance are identified, and activities are proposed that could assist countries regarding decisions on compliance by the Meeting of the Parties, to return to compliance with the Montreal Protocol's control measures. The analysis by the Secretariat revealed that US \$47.5 million in activities in the 2009 business plans that were required for compliance had not been submitted to the 58th Meeting.

8. In accordance with decision 53/3(c), document UNEP/OzL.Pro/ExCom/58/5 also presents information on annual tranche submission delays, noting that of the 73 annual tranches that were due for submission to the 58th Meeting, 50 had not been submitted. Two tranches were withdrawn and 21 of the 50 tranches not submitted had not been submitted to two or more meetings.

Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol

9. Document UNEP/OzL.Pro/ExCom/58/6 includes an update of the status of compliance of Article 5 countries that are subject to the Montreal Protocol's control measures; information on Article 5 countries that are subject to decisions of the Parties and recommendations of the Implementation Committee on compliance; data on the implementation of country programmes, including an analysis of the ozone depleting substances (ODS) consumption data by sector; and information on projects with implementation delays and projects for which additional status reports had been requested.

Monitoring and Evaluation

10. A document on the terms of reference and workload for the Senior Monitoring and Evaluation Officer (SMEO) was prepared pursuant to decisions 56/8(e) and 57/12, in which it is envisaged that the post of SMEO would contribute to organizational learning and assist the Multilateral Fund to evolve in a period of change and challenges. Document UNEP/OzL.Pro/ExCom/58/7 includes an assessment of the monitoring and evaluation functions from the perspective of the immediate and short term needs as well as the future and longer term needs, plus an assessment of the workload of the SMEO and a revised job description.

11. The final report on the evaluation of terminal phase-out management plans (TPMPs) was prepared based on the desk study submitted to the 55th Meeting and case studies in eight low volume consuming (LVC) countries. The report, submitted as document UNEP/OzL.Pro/ExCom/58/8, discusses lessons learned and makes a number of recommendations on how these apply to the imminent challenge of HCFC phase-out. It highlights the importance of ODS-related legislation, including the licensing and the import quota system and the establishment of programme management units to manage HCFC phase-out.

12. A desk study on the evaluation of chiller projects was prepared as document UNEP/OzL.Pro/ExCom/58/9. The study was based on a desk review and analysis of more than 90 project documents and reports available in the Fund Secretariat. In particular it examined efforts to set up co-funding programmes between the Multilateral Fund and other institutions, looked at the technical feasibility and financial attractiveness of chiller replacements. The evaluation looked at the pilot schemes and demonstration projects funded by the Multilateral Fund to demonstrate the technical feasibility of generating energy savings and the viability of mobilizing resources other than the Multilateral Fund to

duplicate the pilot projects. A key objective of the desk study and the associated case studies, is to explore further the experience of countries in pursuing co-financing sources and to analyse outcomes including barriers and impediments experienced. Document UNEP/OzL.Pro/ExCom/58/9 presents a number of lessons learned and conclusions.

Consolidated progress report

13. The Secretariat compiled data from the implementing and bilateral agencies to summarize the progress made including financial information on projects and activities supported by the Multilateral Fund up to 31 December 2008. Document UNEP/OzL.Pro/ExCom/58/10 provides a summary of implementation progress at the country level, a summary on the implementation of activities to the end of 2008, plus the comments and recommendations of the Fund Secretariat.

14. The Secretariat's comments address common issues that were identified during the review of the agencies' progress reports concerning slow implementation or disbursement for projects required for 2010 phase-out and institutional strengthening, chiller projects, and HCFC phase-out management plan (HPMP) preparation and data inconsistencies.

Evaluation of the implementation of the 2008 business plans

15. The Secretariat prepared an evaluation of the 2008 business plans of the implementing agencies, based on the performance indicators adopted in decision 41/93, the revised weighting in decision 47/51, the targets that were adopted for the 2008 business plans by the Committee through decisions 54/7 to 54/10, and the implementing agencies' progress and financial reports submitted to the 58th Meeting of the Executive Committee. Document UNEP/OzL.Pro/ExCom/58/16 also presents a trend analysis for each of the nine performance indicators used in previous years' evaluations and the results of the qualitative assessment of the performance of implementing agencies based on input received from national ozone unit (NOU) officers.

16. Overall, in 2008 the performance of UNDP, UNIDO and the World Bank was slightly lower than it had been in 2007 due largely to not meeting the targets for ODS phase-out for individual projects, speed of final completion and timely submission of project completion reports. Of the 295 assistance activities that were planned in 2008 as part of UNEP's Compliance Assistance Programme (CAP), 264 activities were completed, 16 were not completed, and the status was unclear for 15 other activities. Implementing agencies received a satisfactory or highly satisfactory performance rating for the qualitative performance assessments by the national ozone units in the overall assessments of performance in 2008.

Report on implementation of approved projects with specific reporting requirements

17. The Secretariat reviewed progress reports submitted by the implementing agencies on behalf of the Governments of Lebanon and the Bolivarian Republic of Venezuela in light of the original project proposals, ODS data reported by the respective Governments under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the Meeting of the Parties. It also considered a request to review the methyl bromide phase-out targets stipulated in the revised agreed conditions in Morocco. The Secretariat's review and comments are presented in document UNEP/OzL.Pro/ExCom/58/17.

Project Review

18. The Secretariat received 82 funding requests including new multi-year agreements, tranches of approved multi-year agreements, as well as projects and activities amounting to US \$41,637,283, including agency support costs. Following review by the Secretariat, 44 requests with a value of US \$7,315,333 are recommended for blanket approval and a further 33 projects and activities amounting

to US \$20,571,483 are forwarded for consideration by the Executive Committee. Five projects and activities amounting to US \$8,024,837 were withdrawn by relevant agencies.

19. The Secretariat identified policy issues regarding institutional strengthening (IS) and the confidentiality of HCFC data. Funding requests for 17 IS projects were submitted to the 58th Meeting however the Secretariat, noting decision 57/36, was not in a position to recommend blanket approval for 16 of these since the requests for funding go beyond 2010. The other issue concerned the confidentiality of disaggregated HCFC data reported under Article 7 versus the need for the Fund Secretariat to determine the eligibility of individual sectors in Article 5 countries in regard to phase-out of HCFC consumption.

Draft report on criteria and guidelines for the selection of ODS disposal projects

20. In response to decision 57/6 the Secretariat prepared draft criteria and guidelines for the selection of ODS disposal projects for consideration by the Executive Committee. The document, UNEP/OzL.Pro/ExCom/58/19, takes into account the criteria for ODS disposal projects elaborated in decision XX/7 of the Twentieth Meeting of the Parties, and the contact group discussions on ODS disposal project selection held at the 57th Meeting and proposes conditions for funding a limited number of demonstration projects along with guidelines for the submission of activities for funding related to the disposal of ODS.

Cost considerations surrounding the financing of HCFC phase-out

Prioritization of HCFC phase-out technologies to minimize other impacts on the environment (decision 57/33)

21. Pursuant to decision 57/33 the Secretariat developed terms of reference and identified high level consultants to develop a calculation model. The results of the calculation model were used to prepare four concrete examples of the application of the functional unit approach methodology to two technologies in the foam sector and two in the refrigeration sector for further consideration of the methodology by the Executive Committee.

Analysis of new approaches on second-stage conversions, determination of cut-off date and other outstanding HCFC policy issues (decision 57/34)

22. In response to decision 57/34, the Secretariat posted the minutes of the informal meeting on HCFC phase out policy issues and institutional strengthening that took place at the 57th Meeting on the Multilateral Fund intranet. The minutes, including the approaches proposed by two members, were also sent by email to Members with a request for their comments. The Secretariat prepared a document on the new approaches on second-stage conversions, determination of cut-off date and other outstanding HCFC policy issues (document UNEP/OzL.Pro/ExCom/58/47). The issues addressed in the paper are: cut-off dates; second-stage conversions; eligible incremental costs; cost-effectiveness thresholds for HCFCs; technological upgrades and conversion before the end of the equipment's useful life; and application of low-volume consuming (LVC) country criteria to HCFC consumption. The starting points for aggregate reductions in HCFC consumption (as stated in the guidelines for preparation of HPMPs) and accounting for the phase-out of HCFCs from approved projects against the consumption identified in the HPMP, is also discussed.

Institutional strengthening: Options for funding after 2010

23. The Secretariat prepared a note on the outstanding issues with regard to institutional strengthening funding (IS) in order to assist the Executive Committee's deliberations at the 58th Meeting. Document UNEP/OzL.Pro/ExCom/58/48 also includes the review of the current funding arrangements for

IS and capacity building for Article 5 countries and analysis of the demand for continued IS presented to the Executive Committee at its 57th Meeting as document UNEP/OzL.Pro/ExCom/57/63.

Special funding facility for additional income from loans and other sources (decisions 55/2 and 57/37)

24. In response to decision 57/37 the Secretariat posted the compilation of comments received at the 57th Meeting of the Executive Committee related to the “Facility for Additional Income from Loans and other Sources” (document UNEP/OzL.Pro/ExCom/57/64) on the Multilateral Fund intranet together with the views received from UNEP, Sweden and the United States of America. Other implementing agencies, the Ozone Secretariat and the Treasurer were also consulted. The Secretariat developed a further draft paper on a special funding facility within the Multilateral Fund contained in document UNEP/OzL.Pro/ExCom/58/49 that addresses legal, structural and administrative issues related to such a facility and continues the discussion of the four uses/options presented at the 57th Meeting.

Report on emission reductions and phase-out of CTC

25. At its 55th Meeting, the Executive Committee requested the Secretariat to provide a report for the 58th Meeting on emission reductions and phase-out of CTC in Article 5 and non-Article 5 countries taking into account information to be provided by Technology and Economic Assessment Panel (TEAP) in response to decision XVIII/10 of the Eighteenth Meeting of the Parties, as well as any decisions taken at the Twentieth Meeting on additional process agent uses (decision 55/45).

26. Extensive consultations took place amongst the Fund Secretariat, TEAP, the Scientific Assessment Panel (SAP), the Chemicals Technical Options Committee (CTOC) and a number of experts. In addition to email exchange and telephone calls, the Secretariat organized a telephone conference with 10 participants from SAP on 2 June 2009 and a workshop with four experts on CTC that took place from 10 to 11 June, 2009, in Montreal. To facilitate information exchange amongst the atmospheric science experts, the Secretariat provided an online meeting site on the Multilateral Fund intranet where they could upload and download documents. Document UNEP/OzL.Pro/ExCom/58/50 will be issued two weeks before the 58th Meeting.

Provisional 2008 accounts

27. The Secretariat reviewed the document on the provisional 2008 accounts prepared by the Treasurer together with the 2008 accounts of the Secretariat (document UNEP/OzL.Pro/ExCom/58/51). The final 2008 accounts will be submitted to the 59th Meeting of the Executive Committee.

28. An external audit of the 2008 financial statements of the Fund and UNEP has been scheduled for June and July 2009 and the External Board of Auditors is visiting the Fund Secretariat from 15 to 26 June 2009. The audit will focus on a review of 2008 accounts and interim financial statements, organizational relations between the Fund Secretariat, the Ozone Secretariat and UNEP, and project management. The audit is being conducted in accordance with the relevant United Nations (UN) General Assembly resolutions and UN regulations and the audit recommendations will eventually be transmitted to the Chief Officer in a management letter and made available to Executive Committee members.

29. Of the documents submitted for consideration at the 58th Meeting, the following were prepared by the Fund Secretariat:

- Provisional agenda and annotated agenda;
- Secretariat activities;
- Status of contributions and disbursements;
- Report on balances and availability of resources;

- 2009 business plans and annual tranche submission delays;
- Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol;
- Terms of reference and workload for the Senior Monitoring and Evaluation Officer (decisions 56/8(e) and 57/12);
- Final report on the evaluation of terminal phase-out management plans (TPMPs);
- Desk study on the evaluation of chiller projects;
- Consolidated progress report as at 31 December 2008;
- Comments and recommendations on the progress reports of bilateral agencies, UNDP, UNEP, UNIDO and the World Bank (5 documents);
- Report on implementation of approved projects with specific reporting requirements;
- Overview of issues identified during project review;
- Draft report on criteria and guidelines for the selection of ODS disposal projects (decision 57/6);
- Bilateral cooperation;
- Comments and recommendations on the 2009 work programme amendments of UNDP, UNEP, UNIDO and the World Bank (4 documents);
- Project evaluation sheets, comments and recommendations on the projects and activities submitted to the 58th Meeting (20 documents);
- Comments on the country programme of Iraq;
- Prioritization of HCFC phase-out technologies to minimize other impacts on the environment (decision 57/33)
- Analysis of new approaches on second-stage conversions, determination of cut-off date and other outstanding HCFC policy issues (decision 57/34).
- Institutional strengthening: Options for funding after 2010.
- Special funding facility for additional income from loans and other sources (decisions 55/2 and 57/37).
- Report on emission reductions and phase-out of CTC (decision 55/45)
- Provisional 2008 accounts (jointly with the Treasurer);
- Draft Report of the Executive Committee to the Twenty-first Meeting of the Parties to the Montreal Protocol.

Meetings attended and missions undertaken

Missions of the Chief Officer

Geneva, Switzerland from (11 to 15 May 2009)

30. The Chief Officer attended the International Conference on Chemical Management (ICCM2), during which she made a brief presentation on the report on the contribution of the Multilateral Fund to the Strategic Approach to International Chemicals Management (SAICM). She also took the opportunity to have a brief meeting with Mr. Achim Steiner, Executive Director of UNEP, Ms. Sylvie Lemmet, Director of UNEP DTIE and the head of the Montreal Protocol units in UNDP and the World Bank on the future work of the Multilateral Fund in respect of HCFC phase-out and achieving related climate benefits.

Missions of other Secretariat staff

Washington D.C., United States of America (15-18 April 2009)

31. A Senior Programme Officer attended a meeting of the GEF Chemicals Technical Advisory Group in order to support the GEF Secretariat in their preparation of a strategy paper for the chemical

focal area. The chemical focal area includes providing assistance for ODS phase-out to Parties ineligible for assistance from the Multilateral Fund

Bangkok, Thailand (24 April - 3 May 2009)

32. A Senior Programme Officer attended the Meeting of the Regional Ozone Network for Southeast Asia and the Pacific (SEAP) where she made an opening statement, a presentation on recent decisions of the Executive Committee, and participated in a panel discussion on issues related to the HCFC phase-out, in particular the consideration of climate benefit during HCFC phase-out and HPMP preparation.

Sharm El-Sheikh, Egypt (6-9 May 2009)

33. The Senior Administration and Fund Management Officer and the Associate Information Technology Officer visited Sharm El-Sheikh in Egypt to discuss arrangements and conference facilities for the 59th Meeting of the Executive Committee with officials from the Egyptian Environmental Affairs Agency. The draft host country agreement with the Government of Egypt was modified to exclude the obligation of the host government to cover the cost differential of holding the meeting in Sharm El-Sheikh as opposed to Montreal. Two suitable venues for the meeting were identified.

Manama, Bahrain (7-14 May 2009)

34. A Senior Programme Officer attended the Main Joint Meetings of the West Asia and South Asia Networks where he gave a presentation on recent decisions of the Executive Committee including those related to HCFC phase-out and the development of HPMPs and held bilateral discussions with a number of national ozone officers and representatives, the Senior Legal Officer of the Ozone Secretariat and representatives of implementing agencies

Cooperation with Multilateral Environmental Agreements (MEAs) and other organizations

International Conference on Chemical Management

35. Pursuant to decision 57/1, the Fund Secretariat prepared a brief report on the contribution of the Multilateral Fund to the implementation of the Strategic Approach to International Chemicals Management (SAICM) for the second session of the International Conference on Chemical Management (ICCM2). The report took into account the guidance provided by the Executive Committee at its 57th Meeting, the letter sent to the Secretariat of the Rotterdam Convention and comments received from Australia, Belgium and the United States on the draft report circulated to Executive Committee members for their review in April 2009. As reported in paragraph 30, the Chief Officer attended ICCM2. The document from the Fund Secretariat "Report on the contribution of the Multilateral Fund for the Implementation of the Montreal Protocol to the implementation of the Strategic Approach to International Chemicals Management" (SAICM/ICCM.2/INF/26) is available on the SAICM website.

Global Environment Facility

36. A representative of the Secretariat attended a meeting of the GEF Chemicals Technical Advisory Group (TAG) in April 2009 (see paragraph 31). The TAG was initiated as part of the process for revising the chemicals related focal area strategies that can direct the programming of GEF 5.

Recruitment and Selection Progress Report

37. The selection process is underway for the posts of Deputy Chief Officer, three professional posts at P3 level and two General Service posts at G6 level. It is hoped that this process will be completed by September 2009 for all positions.

Preparation for the meetings of the Executive Committee

38. Logistic arrangements were made for the 58th Meeting of the Executive Committee, to be held at the International Civil Aviation Organization, Montreal, Canada from 6 to 10 July 2009. Letters of invitation and passwords to access meeting documentation on the intranet were provided to members of the Executive Committee, the President of the Bureau of the Twenty-first Meeting of the Parties, the President and Vice President of the Implementation Committee, the Executive Director of UNEP, the Executive Secretary of the Ozone Secretariat, the implementing agencies and NGOs.

Information Activities

39. The Report of the 57th Meeting of the Executive Committee in Arabic, English, French and Spanish and a post-meeting summary were posted on the public web site (www.multilateralfund.org).

40. A 58th Meeting site containing documents in Arabic, Chinese, English, French and Spanish, and logistical information on the 58th Meeting was created on the Multilateral Fund intranet. All documents for general distribution were additionally placed on the public web site.

41. In consideration of decision 56/8(b) on the draft monitoring and evaluation work programme for 2009, a Senior Project Management Officer together with other officers from the Secretariat continued to develop and promote the use of the system for multi-year agreement (MYA) for the preparation and review of requests for tranches of new and existing multi-year phase out plans.

42. The Fund Secretariat reviewed and updated the following databases, documents and operational guidelines for the 58th Meeting:

- (a) Inventory of Approved Projects as of April 2009;
- (b) Country Programme Summary Sheets as of April 2009,
- (c) Policies, Procedures, Guidelines and Criteria as of April 2009;
- (d) Phase-out plans and projects as of April 2009.