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IMPLEMENTATION COMMITTEE UNDER THE
NON-COMPLIANCE PROCEDURE FOR THE
MONTREAL PROTOCOL
Twenty-eighth meeting
Montreal, 20 July 2002

**REPORT OF THE IMPLEMENTATION COMMITTEE UNDER THE NON-COMPLIANCE
PROCEDURE FOR THE MONTREAL PROTOCOL ON THE WORK OF
ITS TWENTY-EIGHTH MEETING**

Introduction

1. The twenty-eighth meeting of the Implementation Committee under the Non-compliance Procedure for the Montreal Protocol was held at the headquarters of the International Civil Aviation Organization in Montreal on 20 July 2002.

I. ORGANIZATIONAL MATTERS

A. Opening of the Meeting

2. The President of the Committee, Mr. Mahfuzul Haque (Bangladesh), opened the meeting at 10 a.m. on 20 July 2002.

3. Mr. Marco González, the incoming Executive Secretary of the Ozone Secretariat, made a statement welcoming the participants. He congratulated the Implementation Committee on its past successes, recognizing that it had reached a critical juncture in its work, which would require creative solutions and enhanced cooperation to meet the increasing challenges of the compliance phase for Article 5 Parties. He introduced the documents before the meeting, drawing members' attention to 10 additional reports on data and compliance issues that had been received from countries after 18 June 2002 and were being presented to Implementation Committee members for the first time at the current meeting. He stated that effective deliberations with countries on compliance had taken place intersessionally, and highlighted the fruitful cooperation between the Implementation Committee and the Executive Committee of the Multilateral Fund on compliance issues.

B. Attendance

4. The meeting was attended by representatives of Australia (Vice-President and Rapporteur), Bangladesh (President), Bolivia, Bulgaria, Ghana, Jamaica, Senegal, Slovakia, Sri Lanka and the United Kingdom of Great Britain and Northern Ireland.
5. The meeting was also attended by the Chair and Vice-Chair of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, the Chief Officer and representatives of the Secretariat of the Multilateral Fund and representatives of the implementing agencies of the Fund – the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the World Bank, as observers. The full list of participants is contained in the annex to the present report.
6. At the invitation of the Committee, representatives of Argentina, Egypt and Yemen attended in order to present information on their respective countries' progress towards compliance with the Montreal Protocol.

C. Adoption of the agenda and organization of work

7. The Committee adopted the following agenda, based on the provisional agenda circulated as document UNEP/OzL.Pro/ImpCom/28/1:
 1. Opening of the meeting.
 2. Adoption of the agenda and organization of work.
 3. Report of the Secretariat on data and compliance issues.
 4. Statements by (a) the Multilateral Fund Secretariat and (b) Implementing Agencies (UNDP, UNEP, UNIDO and the World Bank) on the activities carried out in Article 5 Parties and Parties with economies in transition to facilitate the implementation and compliance with the Montreal Protocol.
 5. Review of the status of compliance with decisions of the Parties and recommendations of the Implementation Committee on non-compliance issues.
 6. Other matters.
 7. Adoption of the report of the meeting.
 8. Closure of the meeting.

II. REPORT OF THE SECRETARIAT ON DATA AND COMPLIANCE ISSUES

8. The Secretariat presented the report of the Secretariat on information provided by Parties in accordance with Article 7 of the Montreal Protocol, as contained in document UNEP/OzL.Pro/ImpCom/28/3, which was updated by supplementary information in document UNEP/OzL.Pro/ImpCom/28/3/Add.1. Additional information on Argentina's production data for 2001, on Armenia, Belize, Bulgaria, Chad, Mongolia, Niger, Nigeria and Peru, and on a request from Egypt regarding its methyl bromide baseline, had been received in the past week with insufficient notice to be reproduced as documents for the current meeting. Prior to the opening of the meeting, the World Bank also circulated

update No. 11 on recent developments in the implementation of the Special Initiative for Production Closure of Ozone-Depleting Substances in the Russian Federation since the last update No. 10, which had been issued on 2 April 2002.

9. In reference to table 2 contained in the Secretariat's report giving data from 2002, the representative of the Secretariat said that deviation from consumption reduction schedules by non-Article 5 Parties in 2000 showing consumption or production higher than allowed under the provisions of the Montreal Protocol did not necessarily denote non-compliance. Parties had been contacted for clarification, and some of the deviations could be accounted for by approved essential use exemptions, laboratory and analytical uses, or increased production to meet the basic domestic needs of Article 5 Parties.

10. Regarding tables 6 and 7 on Article 5 countries reporting Annex A, Group I consumption and production above the baseline, the representative of the Secretariat noted that Argentina had just submitted data on the second control period, from 1 July 2000 to 30 June 2001. On the subject of data for 2001 in general, although countries had until September 2002 to report the data, 58 Parties had done so by 17 July 2002. A preliminary analysis of the data had been conducted and was presented in annex VIII of the Secretariat's report. A full review of the data would be carried out when enough Parties had reported data, and a comprehensive data report for 2001 would be presented to the fourteenth Meeting of the Parties.

11. The representative of Argentina noted that his country had taken quick action to return to compliance following decision XIII/21 of the Meeting of the Parties to the Montreal Protocol. Data for the period July 1999 to June 2000 indicated consumption of 3,075 tonnes, which was above the baseline figure of 2,745 tonnes plus 10 per cent as permitted for the basic domestic needs of Article 5 Parties. Argentina had established a plan of action, the first element of which was to apply Law 2440 and related administrative measures to the one company in Argentina which produced CFCs, FIASA. An additional element of the plan was to reformulate the project for CFC phase-out for presentation to the Executive Committee at its 38th Meeting. A consultant from the World Bank was expected to visit Argentina in August 2002 to look at conversion options for the production company. Lastly, Argentina had signed a memorandum of understanding with UNEP to establish the import and export licensing systems. The figures for the period July 2000 to June 2001 were showing a decline in CFC production to 2,954 tonnes, which was below the baseline of 2,745 tonnes plus 10 per cent permitted for basic domestic needs. Argentina was therefore back to the level of production of CFCs permitted under the Montreal Protocol and hoped that this would be reflected in the report of the Implementation Committee (see also paragraphs 18 and 19 below).

12. The representative of Yemen informed the Committee that his Government wished to change its baseline consumption data for CFCs, as the data initially presented for the establishment of the baseline had been significantly under reported. This was due to the fact that the civil war in his country had prevented access to a number of areas as well as because data had been lost during the war. In addition, lower figures than actual usage had been reported by some companies to avoid giving the impression that Yemen was destroying the environment. The representative also informed the Committee of a number of reasons why consumption of CFCs was higher in Yemen than in Saudi Arabia, including the fact that poverty had resulted in dumping of old equipment in the country, lack of training of refrigeration technicians, and the bad roads resulting in frequent leakage problems in refrigerated trucks. The representative assured the Committee that if the baseline level was adjusted, Yemen would be able to live up to its obligations under the Montreal Protocol and in fact had already achieved 100 per cent phase-out in foams and 85 per cent phase out in aerosols, without assistance from the Multilateral Fund.

13. The Implementation Committee agreed to request the Secretariat to work with Yemen to provide information on the methodology used to collect the new baseline data so that the Committee would be in a better position to make any appropriate recommendation to the Meeting of the Parties (see also paragraphs 72 and 73 below).

III. REVIEW OF THE STATUS OF COMPLIANCE WITH DECISIONS OF THE PARTIES AND RECOMMENDATIONS OF THE IMPLEMENTATION COMMITTEE ON NON-COMPLIANCE ISSUES

Review of the status of compliance by the Parties

14. The Secretariat introduced document UNEP/OzL.Pro/ImpCom/28/2, containing a review of the status of compliance with decisions of the Parties and recommendations of the Implementation Committee on non-compliance issues.

15. The Committee's attention was drawn to the additional data submitted by several countries since the document had been completed. The Committee recognized that data was constantly being reported, and it was impossible to produce completely up-to-date reports for the Committee and the Meetings of the Parties; in particular, the Committee had never managed to produce its reports for the Meeting of the Parties by the recommended deadline of six weeks beforehand. Mr. Milton Catelin, the Vice-President of the Implementation Committee, suggested that the issue of deadlines could be discussed by the Open-Ended Working Group under item 4 of its agenda, the need for a review of the non-compliance procedure.

16. The Committee discussed how best to consider reports on the status of compliance in future, and agreed to request the Secretariat to group its reports on Parties according to the original decisions of the meeting of the Parties which referred to them; this would help to maintain consistency of treatment and decision-making. For the current meeting, reports on countries would be considered in alphabetical order.

17. The Committee also agreed that the Secretariat should send letters, on behalf of the Implementation Committee, to Parties that had been the subject of decisions on compliance taken at the thirteenth Meeting of the Parties recognizing the achievement of those Parties that had reached compliance, as encouragement to continue their efforts and maintain compliance.

Argentina

18. Taking into account the presentation made by the representative of Argentina, the Committee agreed to note that, as a result of the actions taken in response to Decision XIII/21, Argentina had moved in 2001 back into compliance with its obligations under the Montreal Protocol.

19. The data reported by Argentina raised the issue of how production for basic domestic needs should be calculated. The Committee recognized that the 10 per cent of production allowed under the Protocol for basic domestic needs was supplemental to the baseline production figure.

Armenia

20. Armenia had indicated to the Secretariat that it was in the process of ratifying the London Amendment, as requested by Decision XIII/18; it planned to have it, and the Copenhagen Amendment, ratified by the end of 2002. The Secretariat reported that it had received an informal indication from Armenia that it was considering applying for reclassification as an Article 5 Party. In the absence of a formal request, no action could be taken.

21. The Committee agreed to re-emphasize the need for Armenia to ratify the London Amendment, as ratification was a precondition for the disbursement of Global Environment Facility (GEF) funding. Armenia was also requested to report data to the Secretariat for the year 2001.

Bangladesh

22. Bangladesh, which had been covered by Decision XIII/16, had reported data for 2000 as well as data of 464.4 tonnes for the first half of the control period 1 July 2000 to 30 June 2001. The representative of

Bangladesh observed that, on the basis of consumption figures for 1 July to 31 December 2000, it was quite likely that his country would be in non-compliance; however, following completion of the ACI project by January 2002, the longer-term outlook was more positive. He reported that his Government planned to report full data for 2001 by the end of 2002.

23. The Committee, however, agreed to request Bangladesh to report data for the second half of the 2000-2001 control period more quickly, so that it would be in a position to assess at its next meeting the status of the country with respect to non-compliance.

Belize

24. The Secretariat reported that Belize had requested a revision of its baseline data for CFC consumption, and, pursuant to Decision XIII/22, had also adopted a new action plan containing benchmarks for returning the country to compliance with the Protocol. These needed to be carefully examined by the Committee, and the Secretariat recommended that Belize should be invited to the next meeting of the Committee to present its revised action plan. The Committee was informed that Belize had already implemented comprehensive new legislation, including an import and export licensing system, and was confident of achieving complete phase-out of CFCs by 2008.

25. The Committee recognized that there was still some confusion regarding the correct baseline data for CFC consumption in Belize, including the matter of stockpiles, and that UNEP, in consultation with Belize, would assist in resolving the matter (see also paragraph 79 below). The Committee observed that much of the confusion stemmed from a lack of experience with identifying sources of data, a problem experienced by many Article 5 Parties, and that the Committee should recognize the efforts made by Belize despite an absence of financial support for institutional strengthening owing to delayed disbursement of approved funds for this purpose from UNEP.

26. The Committee agreed to invite Belize to its next meeting in order to give a presentation on its request for a revision of baseline data and on its new phase-out plan, and also to provide written information on the methodology used to collect the new data and its sources which could be circulated to the Committee in advance.

Bulgaria

27. The representative of Bulgaria reported on the steps taken by her country in response to the Committee's last report and Decision XIII/15. It had revised its legislation to limit methyl bromide use to soil treatment and quarantine and pre-shipment uses, and had then further amended its legislation to bring it into line with European Community regulations. She explained the system of issuing licenses and permits for use and import, and reported on the public awareness campaign conducted in 2001, including seminars for users of methyl bromide and the promotion of awareness of alternatives.

28. Bulgaria was requesting a revision of its baseline figure for methyl bromide consumption, which had been incorrectly reported as zero for 1991 and had therefore resulted in it being found to be in non-compliance last year. The representative of Bulgaria reported that the correct figure for 1991 should have been 100 tonnes, which included 10 tonnes for quarantine and pre-shipment uses. In response to a question about the origin of the figure of 100 tonnes, she explained that a survey had been carried out in 1999 with financial assistance from GEF which had examined data from government permits issued, and reports from importers, users and customs. This figure had been included in a report to UNEP's Division of Technology, Industry and Economics (DTIE) as part of a project on early phase-out of methyl bromide in countries with economies in transition in 2000.

29. The Secretariat reported that, in response to a request by the Committee, it had written to the GEF Secretariat seeking confirmation of the figure; however, the GEF Secretariat had replied saying that it had no information either to confirm or contradict the figure reported by Bulgaria. The representative of Bulgaria observed that, while GEF had provided the funding, the study had actually been implemented by UNEP DTIE, who should therefore be able to confirm the data and provide information on the methodology used.

30. The Committee agreed that, given the major significance of changing baseline consumption data, it needed to have the fullest possible information, from all relevant sources, on the methodologies used in reports presenting revised baseline data before it could properly consider the requests. That was in line with Decision III/15, which asked all Parties requesting changes in baseline data to present clear information on their justifications for the change.

31. Accordingly, the Committee further agreed to request the Secretariat to gather as much data as possible from UNEP DTIE about the relevant studies in Bulgaria, and to consider Bulgaria's request for a change in baseline data at its next meeting in the light of that information.

Cameroon

32. The Secretariat reported that there had been no change in the non-compliance situation for Cameroon since Decision XIII/23. Reported data for 2001 still showed an increase in CFC consumption. UNIDO had informed the Committee of the recent completion of two foam projects that might have brought Cameroon into compliance, but no confirmation had been received from the Government of Cameroon. A policy and technical assistance project had also been approved for Cameroon by the Executive Committee at its 37th Meeting.

33. The Implementation Committee agreed to reiterate the request made at the thirteenth Meeting of the Parties for a plan of action for reduction of CFC consumption from Cameroon, noting that 250 ozone-depleting potential (ODP) tonnes may have been phased out by April 2002. It would also ask UNEP to present a progress report on the implementation of the policy and technical assistance project.

Chad

34. Chad, which had been covered by Decision XIII/16, reported data for 2001 showing a 9 per cent decrease in consumption to below the baseline.

35. The Implementation Committee nevertheless agreed to request Chad to report its data for the control period from 1 July 2000 to 30 June 2001, so that it could fully assess Chad's status of compliance.

Comoros

36. Although UNEP had announced data showing that Comoros had decreased consumption, the Government of Comoros had provided no official indication of such a situation.

37. The Implementation Committee therefore agreed to request the Secretariat to send another reminder urging Comoros to provide information as requested in Decision XIII/16, and to report its data for 2001 and the control period from 1 July 2000 to 30 June 2001, so that the Committee could fully assess Comoros' status of compliance.

Dominican Republic

38. The Secretariat reported that new information and data showed the Dominican Republic to have reached compliance.

39. The Committee agreed to commend the Dominican Republic on its achievement.

Ethiopia

40. Additional information on the control period, contained in the action plan submitted by Ethiopia following Decision XIII/24, showed that Ethiopia was still in a situation of non-compliance with the CFC-consumption freeze. In fact, there had been an increase in consumption of CFCs above the baseline, from 33.8 tonnes to 34.6 tonnes for the control period 1 July 2000 to 30 June 2001. UNEP had reported earlier that a project under way, and the preparation of a Refrigerant Management Plan (RMP) with the assistance of Germany, would contribute to compliance in the coming year.

41. The Implementation Committee wished to have data for 2001 as soon as possible, in addition to the data submitted for the control period in order for the Committee to make further assessment with regard to compliance. It furthermore agreed to request Ethiopia to link its action plan to phase-out by setting time-specific benchmarks for return to compliance and stating when it expected to meet the CFC-consumption freeze.

Honduras

42. The Secretariat reported that Honduras was in potential non-compliance and had been reminded of its obligation to report missing data. Analysis of data reported to the Secretariat on CFC consumption for 2000, however, showed a decrease of almost 50 per cent below the baseline.

43. The Committee agreed to commend Honduras on its achievement and to request it to submit its data for the control period 1 July 2000 to 30 June 2001 in order to confirm its compliance status.

Kazakhstan

44. The Secretariat noted the implementation benchmarks that had been agreed by the Parties for Kazakhstan as set out in Decision XIII/19, but recognized that these could be assessed only in 2003.

45. The Committee took note of the situation of Kazakhstan and agreed to return to the matter next year. The Committee also agreed to commend Kazakhstan for its efforts to comply with the Montreal Protocol.

Kenya

46. The Secretariat reported that Kenya had been presumed to be in non-compliance for lack of data for either the year 2000 or the control period 1 July 1999 to 30 June 2000. However, upon reporting data for 2000 and 2001 the analysis showed a reduced CFC consumption below the freeze level.

47. The Committee agreed to commend Kenya on its achievement.

Mongolia

48. The Secretariat reported that Mongolia was seeking to change its CFC consumption baseline from 10.6 tonnes to 16.7 tonnes on the basis that the survey carried out in 1996/1997 contained numerous errors and that its Government had not had a clear understanding of what was expected.

49. The Committee noted that, at its meeting last year, it had been informed that the increase in consumption in Mongolia was due to stockpiles and massive importation of used equipment that was dependent on CFCs and that data provided to the Multilateral Fund indicated a consumption of 9.4 tonnes. It agreed to request Mongolia to reconcile discrepancies in its baseline data, provide information on how the new data had been compiled and to provide the correct data for the survey period.

Morocco

50. The Secretariat reported that Morocco had been presumed to be in non-compliance for lack of data for either the year 2000 or the control period 1 July 1999 to 30 June 2000. However, upon reporting data for both 2000 and 2001 as well as the control period, the analysis showed a reduced consumption of CFCs by 30 per cent for the year 2000 and 46 per cent for the year 2001 and Morocco was therefore in compliance.

51. The Committee agreed to commend Morocco on its achievement.

Niger

52. Niger had reported new data for 2001, showing a 9 per cent decrease in consumption, bringing its consumption under the baseline. Its previous situation of potential non-compliance noted in Decision XIII/16 had been attributed to lack of data reporting.

53. The Implementation Committee nevertheless agreed to request Niger to report its data for the control period from 1 July 2000 to 30 June 2001, so that it could fully assess Niger's status of compliance.

Nigeria

54. Nigeria, which had been covered in Decision XIII/16, had not reported data for 2001, although there had been formal communication on a series of actions Nigeria was undertaking to return to a situation of compliance, including ratification of the amendments to the Montreal Protocol, restructuring of its CFC import system and the preparation of an RMP to address its 911.8 tonnes of CFC consumption in the refrigeration sector, among other initiatives. Given the data for 2000 showing a 12 per cent increase in CFC consumption from the baseline of 3,650 tonnes to 4,094.8 tonnes, the Implementation Committee considered it of the utmost importance for Nigeria to report on its plan of action, including a status report on the preparation of its RMP and on its phase-out plan for the foam sector. As a large-volume-consuming country, it was also a matter of urgency for Nigeria to set milestones for the reduction of CFC consumption, which was supposed to decrease to 50 per cent below the baseline in 2005.

55. The Implementation Committee agreed to invite Nigeria to attend the 29th Meeting of the Implementation Committee and submit a plan of action to return it to compliance, which should set milestones for CFC consumption reduction, as well as a report on its phase-out plan for the foam sector and the preparation of its RMP. Nigeria was also requested to report data for the control period 1 July 2000 to 30 June 2001, as well as for the year 2001.

Oman

56. Oman had reported new data for 2001, showing a decrease in consumption to a level under its baseline. Its previous situation of non-compliance noted in Decision XIII/16 had been attributed to a delay in implementation of a project funded by the Multilateral Fund, the completion of which had enabled Oman to reduce its consumption of CFCs.

57. The Implementation Committee nevertheless agreed to request Oman to report its data for the control period from 1 July 2000 to 30 June 2001, so that it could fully assess Oman's status of compliance.

Papua New Guinea

58. Although CFC consumption in Papua New Guinea, which was covered by Decision XIII/16, had increased by 32 per cent above its baseline in 2000, data collection activities were under way, and it was developing a national strategy for ODS phase-out that would include an RMP. The impact of the regional strategy to reduce ODS consumption in Pacific Island countries had yet to be determined.

59. The Implementation Committee agreed to note the increase in consumption to above Papua New Guinea's baseline and to encourage the Party to complete and implement the RMP and the regional strategy that would bring Papua New Guinea back to compliance with the CFC consumption freeze. Papua New Guinea was also requested to indicate as to when data resulting from collection activities might be available.

Paraguay

60. There had been no change in Paraguay's situation of non-compliance. In November 2001, Paraguay had submitted revised baseline data for the years 1995 to 1997, but the Implementation Committee had so far received no justification or explanation of the change, as required by Decision XIII/15, paragraph 5.

61. The Implementation Committee agreed to request Paraguay to provide detailed information on how it determined that a change in the baseline data was required, and on its grounds for setting the new baseline figure.

Peru

62. The Secretariat reported that, based on new data received from Peru, consumption of CFCs had decreased by 35 per cent in 2001, as opposed to an increase of 20 per cent in 2000.

63. The Committee noted that the National Ozone Unit in Peru had been recognized as one of the best worldwide and that the Government was making considerable efforts to pass legislation to prevent import substitution as a result of its production controls, and agreed to request Peru to provide data for the control period 1 July 2000 to 30 June 2001.

Russian Federation

64. The Secretariat reported that the World Bank had informed the Committee that the Russian Federation had closed its CFC production facilities in December 2000, but no data on production of ODS for the subsequent year had been submitted to confirm that information.

65. The Committee agreed to request the Russian Federation to provide data for the year 2001 as soon as possible.

Samoa

66. The Secretariat reported that Decision XIII/16 had been adopted by the Parties because Samoa had been in potential non-compliance for lack of data. Data for 2000 showed a decrease of 85 per cent from 4.5 tonnes to 0.6 tonnes. Consumption in both 2000 and 2001 had been below the baseline. In addition, Samoa was participating in the Pacific Regional Strategy to phase out ODS.

67. The Committee agreed to commend Samoa on its achievement and to request it to provide data for the year 2001.

Solomon Islands

68. The Secretariat reported that Decision XIII/16 had been adopted by the Parties because the Solomon Islands had been in potential non-compliance for lack of data. Data for 2000 showed a decrease of 84 per cent from 2.1 tonnes to 0.3 tonnes, although consumption in 2001 had increased to 0.6 tonnes, for an overall decrease of 71 per cent. The Solomon Islands were participating in the Pacific Regional Strategy to phase out ODS.

69. The Committee agreed to commend the Solomos Islands on their achievement.

Tajikistan

70. The Secretariat reported that Tajikistan had presented a progress report on the benchmarks set by the Parties in Decision XIII/20.

71. The Committee noted some inconsistencies in the report regarding the dates when some of those benchmarks were expected to be completed. The Committee agreed to invite the representative of Tajikistan to attend the next meeting of the Implementation Committee and provide confirmation of the agreed benchmarks.

Yemen

72. The Secretariat noted that the representative of Yemen had made a presentation on the situation regarding its request to change its baseline for CFC consumption following which the Committee agreed to request Yemen to provide information concerning the methodology for its collection of data.

73. The Committee noted that Parties requesting revision of baseline consumption levels had the obligation to ensure the validity and accuracy of the revised data, and agreed that Yemen should be requested to provide information concerning the methodology for its collection of the revised data and how it had verified that data.

IV. STATEMENTS BY (a) THE MULTILATERAL FUND SECRETARIAT AND (b) IMPLEMENTING AGENCIES (UNDP, UNEP, UNIDO AND THE WORLD BANK) ON THE ACTIVITIES CARRIED OUT IN ARTICLE 5 PARTIES AND PARTIES WITH ECONOMIES IN TRANSITION TO FACILITATE THE IMPLEMENTATION AND COMPLIANCE WITH THE MONTREAL PROTOCOL

(a) Multilateral Fund Secretariat

74. The Chief Officer of the Multilateral Fund Secretariat introduced the work of the Executive Committee, which had held three meetings since the last meeting of the Implementation Committee. In that period, it had approved \$157,231,000 worth of funding for the phase-out of 15,000 ODP tonnes of ODS. The Executive Committee had also taken landmark decisions aimed at giving the Multilateral Fund a more strategic focus in assisting all Article 5 Parties to meet their compliance obligations under the Montreal Protocol at the same time. Those decisions dealt with, among other things, determination of a starting point for calculating the remaining national aggregate consumption of Annex A CFCs that would be eligible for funding by the Multilateral Fund; the standardization of multi-year agreements; the binding nature of agreements between the Executive Committee and countries in relation to phase-out; a standard format for country programme updates; elements to complete the Multilateral Fund's strategic framework; and the preparation of sectoral plans. The issue of resource allocation and planning had also been addressed at the Executive Committee's last meeting, and would henceforth take place on a triennial basis. The Chief Officer also informed the Implementation Committee that, for the first time, the Executive Committee of the Multilateral Fund would be complying with Decision XI/7 (Replenishment of the Multilateral Fund for the period 2000-2002) of the Parties to the Montreal Protocol, since it was close to committing the entire budget of the current triennium by the end of the year.

75. A representative of the Multilateral Fund Secretariat presented document UNEP/OzL.Pro/ImpCom/28/Inf.2 and Corr.1, its update report on the status of Article 5 countries in achieving compliance with the initial control measures of the Montreal Protocol. He highlighted the differences between data used for the Fund Secretariat's analysis and that of the Article 7 data, and data anomalies. He also pointed to the annexes and noted certain columns, including whether an RMP had been approved for a country by the Executive Committee; whether a low-volume-consuming country had received an RMP or RMP supplement likely to ensure at least up to and including 85 per cent CFC reduction in 2007; whether halon banking activities had been approved, which are generally considered the last project in the

sector; and whether the Executive Committee had approved an agreement for the phase-out of methyl bromide or a total phase-out project. He concluded by noting some of the decisions taken by the Executive Committee at its 37th Meeting concerning the recommendations in the document, including a request for the report to be presented to all future Executive Committee meetings; to base all future business planning on the update report on the status of Article 5 Parties; and noting the explanation for data anomalies for Argentina and El Salvador.

76. Replying to a question on the preparation of RMPs for specific countries, the Multilateral Fund Secretariat explained that funding for projects and terminal phase-out plans in the sector had been approved, but that the associated policy issue would be discussed at the 38th Meeting of the Executive Committee.

(b) Implementing Agencies of the Multilateral Fund – UNDP, UNEP, UNIDO and the World Bank

UNDP

77. The representative of UNDP observed that in addition to the 69 countries assisted by UNDP, a further nine, all low-volume-consuming countries, had been added. Countries were increasingly moving from project-by-project activities to sector-based phase-out plans. UNDP had approved projects in four countries reporting excess consumption (Bolivia, Nigeria, Paraguay and Peru), which would in each case bring them back into compliance. UNDP also implemented GEF-funded projects in a number of countries with economies in transition; a full report on those activities could be presented to the next meeting of the Implementation Committee if requested. A problem had, however, arisen with Armenia, which had been due to submit a proposal to the GEF Council for ODS phase-out funding in early 2002, but had been unable to do so because of a lack of availability of funds within GEF. Armenia might request reclassification as an Article 5 Party.

UNEP

78. The representative of UNEP introduced his written report and highlighted its main features. Over the last year there had been a significant improvement in the number of countries assisted by UNEP reporting data; indeed, for the years 2000 and 2001, the proportion of Article 5 Parties reporting data was now higher than that of non-Article 5 Parties. Of 122 countries assisted by UNEP through institutional strengthening projects and regional networks, 105 had initiated actions in preparing, approving and implementing regulatory policies such as import and export licensing systems, quota systems, import controls on ODS-using equipment and other economic instruments. UNEP's recent strategic reorientation of its OzonAction programme to deliver compliance assistance more effectively had already proved of value; nine countries which were in non-compliance in 2000 had come back into compliance in 2001. For example, informal dialogue with Peru, one country experiencing difficulty in achieving compliance, during a regional network meeting had led to the development of an action plan for the country. Finally UNEP had worked well in cooperation with the other implementing agencies, with the Secretariat of the Multilateral Fund, and with the GEF. UNEP reported that the country programme and other projects for Armenia were held up owing to inadequate funding at GEF. Three countries (Cameroon, Ethiopia and Namibia) were still experiencing difficulties in compliance, and UNEP hoped to be able to report more positively to the next meeting of the Committee on those cases, including on the case of Comoros, that had not reported data for the control period.

79. Responding to a question from a member of the Committee, the representative of UNEP apologized for the confusion that had been caused over the request of Belize for a revision in its baseline data. Following consultations with Belize, and with countries providing bilateral assistance to the country, he stated that data supplied by the Government of Belize was justified. He hoped the issue would be resolved at the next meeting of the Committee. Furthermore, he requested the Committee to take note of a letter from the Government of Belize, in which it stated its determination to move back into compliance next year and to improve on the phase-out targets set out in its country programme.

80. A member of the Committee asked why Ethiopia was seeking approval for a recycling project that apparently proposed to recycle a greater volume of CFCs than the country currently consumed. The representative of UNEP observed that the project was delayed following the withdrawal of bilateral funding due to perceived political instability; UNEP explained that the appropriate policy framework was being put in place and the implementation of the project was ongoing.

UNIDO

81. The representative of UNIDO asked the Implementation Committee for guidance on how to deal with problems associated with CFC baseline levels. In Bosnia and Herzegovina, the state of war previously existing in the country had resulted in very low consumption levels having been used to establish baseline levels. The return to normal conditions had resulted in a dramatic increase in consumption levels and the country was therefore in non-compliance with its 1999 to 2002 targets. Consumption levels in the Libyan Arab Jamahiriya had similarly risen dramatically following the end of the embargo against that country and the low consumption levels previously existing had led to the establishment of an unrealistically low baseline consumption level. In addition, a survey had recently been undertaken of methyl bromide used in Egypt in all sectors, including essential uses, and Egypt would be seeking a review of its baseline for methyl bromide consumption.

82. The representative also raised the issue of discrepancies between data provided to UNIDO and data that had been provided to the Ozone Secretariat. UNIDO wished to work closely with the Secretariat to clarify this issue, which he believed would definitely have an impact on compliance reporting.

83. The issue of discrepancies in data was addressed by the Ozone Secretariat, which clarified that the issue was not one of discrepancies, but rather of a need for data to be revised. Pursuant to a decision of the Parties, in the case of any discrepancy in data, the data officially reported by the Party to the Ozone Secretariat would prevail. The issue was also addressed by the Chief Officer of the Multilateral Fund Secretariat, who noted that there were in fact two streams of data, one provided to the Ozone Secretariat representing production and consumption reported pursuant to Article 7 of the Montreal Protocol and one to the Multilateral Fund Secretariat where data had been drawn from user sectors. While all data came from the National Ozone Units, a condition for approving country programmes was to report data on a yearly basis to both Secretariats. The two streams of data did not always yield the same results, since data on use of ODS could include amounts stockpiled from previous years. This, inevitably, led to some differences in sector production and consumption figures when implementing agencies prepared their business plans. As a result, the Executive Committee had decided that discrepancies must be resolved before it would consider projects for funding.

84. The Implementation Committee agreed to take note of the discussion on the issue.

The World Bank

85. The representative of the World Bank reported to the Committee on the Special Initiative for CFC closure in the Russian Federation, progress towards closure in production of CFCs and halons in China and India and future closures. He circulated update No. 11 on recent developments in the implementation of the Special Initiative for Production Closure of Ozone-Depleting Substances in the Russian Federation.

86. CFC production had been closed in the Russian Federation in accordance with the requirements of the Special Initiative, through the generous contributions of 10 donor countries and GEF and the efforts of the National Ozone Unit and the seven enterprises concerned. He noted that those enterprises had complied with their obligations in a timely fashion despite delays in the release of compensation payments. An independent expert group, the Special Initiative Technical Review Group, had produced a report on the Initiative, which provided an unqualified endorsement of the closure verification by all members of the Group, except one. That member had issued a minority report which suggested that the scope of the closure plans and subsequent verification was insufficiently comprehensive in terms of the ODS covered and too

narrow in its interpretation of permitted uses of ODS in relation to the World Bank's original undertakings as reflected in the agreements with the donors. The majority of the members of the Group, however, had responded to all the points raised in the minority report, and were of the view that those points generally fell outside the mandate of the Group and the scope of the Special Initiative. As the terms of reference of the Group allowed for a decision by a majority of its members, the Bank had accepted the report as the official final report.

87. The representative of the World Bank also reported that China had met its obligations in 2001 to reduce its CFC production to under 36,200 tonnes, and that India had met its obligations to reduce CFC production to 16,941 tonnes. Those two Governments had also been discussing with the World Bank the closure of carbon tetrachloride production.

88. He concluded by reporting that the Bank hoped to be able to submit the closure of production of CFC by Argentina at the next meeting of the Executive Committee with the possibility of submitted closure by Venezuela shortly thereafter.

Data report

89. The Committee considered the Parties listed in document UNEP/OzL.Pro/ImpCom/28/3, whose consumption or production data indicated deviations from phase-out schedules for either 2000 or 2001. In cases where the deviation could not be explained, for example by consumption for essential use exemptions, or production for basic domestic needs, or by benchmarks agreed with the Implementation Committee, the Committee agreed to request the Secretariat to write to the Parties in question requesting explanations, and where necessary to invite them to attend the next meeting of the Committee. The Secretariat explained that in some cases corrected data had already been received, and requested that the Committee remind the meeting of the Open-Ended Working Group of the need for timely submission of data, if possible before the deadline of September in the following year.

90. The Committee recognized that a one-day meeting was insufficient to give proper consideration to the large volume of data and information it received on compliance related matters, and the large number of decisions it needed to take. The Committee agreed that its next meeting should be scheduled for two days.

V. OTHER MATTERS

91. The Committee heard a presentation from the representative of Egypt concerning its request to revise its baseline consumption level for methyl bromide. She informed the Committee that a difference between the previously reported use of methyl bromide and actual use had come to light during a survey in 2000. The National Ozone Unit had relied on data provided by the Ministry of Agriculture on use of methyl bromide, which had not taken into account both a number of small users and large-scale use by the army. The army used large quantities of methyl bromide for fumigation of structures, commodities and food as well as in greenhouses. The representative stated that Egypt could return to compliance quickly if the baseline was revised and if the Executive Committee approved the proposed phase-out plan for methyl bromide, which envisaged complete phase out by 2007, including in the military sector.

92. The Secretariat reported that the situation had been discussed at length in the meeting of the Executive Committee that had just concluded, where it had been decided that no decision on the proposal for funding of Egypt's methyl bromide project could be taken until the Implementation Committee had considered the issue of Egypt's inability to comply with its obligations. Members of the Implementation Committee noted that, technically, Egypt was not yet in a state of non-compliance since data on consumption of methyl bromide for 2002 were not yet available. However, Egypt had warned the Committee that it would not be able to meet its targets and at the same time had expressed its optimism that, with the implementation of its two proposed projects, it would be able to return to compliance within a reasonable period of time.

93. Bearing in mind that its mandate was to facilitate compliance by the Parties, the Committee agreed to request Egypt, in collaboration with an implementing agency, to develop the proposed phase-out plan, incorporating the two above-mentioned projects, for submission to the Executive Committee for its consideration at its next meeting and to bring the matter to the attention of the Open-ended Working Group.

VI. ADOPTION OF THE REPORT OF THE MEETING

94. The Committee agreed to follow its customary procedure of entrusting the President and Vice-President/Rapporteur with the task of approving the report.

VII. CLOSURE OF THE MEETING

95. The President declared the meeting closed at 6.20 p.m. on 20 July 2002.

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