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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

ANNOTATED PROVISIONAL AGENDA

1. Opening of the meeting

Opening remarks by the Chairperson of the Executive Committee.

2. Organization matters

(a) Adoption of the agenda

Document UNEP/OzL.Pro/ExCom/55/1 contains the Provisional Agenda for the 55th 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/55/1 and, if needed, as amended verbally at the plenary.

(b) Organization of work

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

3. Secretariat activities

Document UNEP/OzL.Pro/ExCom/55/2 presents a report on the activities of the Secretariat since the 54th Meeting of the Executive Committee. The document includes information on the follow-up activities implemented by the Secretariat on the outcome of

the 54th Meeting, the preparations for the 55th Meeting, as well as information on the missions undertaken by the Chief Officer and the staff of the Secretariat during this reporting period. It also covers the actions taken by the Secretariat pursuant to decision 54/1 (b) with respect to the responses to the Rotterdam Convention on the Prior Informed Consent Procedure and to the Head of the Chemicals Branch in UNEP's Division of Technology, Industry and Economics.

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/55/3 provides information on the status of the Fund as at 9 June 2008 as recorded by the Treasurer. At that date, the Fund's balance stood at US \$106,128,515 after taking into account all the funds approved by the Executive Committee up to and including the 54th Meeting.

Issues to be addressed: None.

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

- (a) Note the report of the Treasurer on the status of contributions and disbursements and the information on promissory notes as contained in UNEP/OzL.Pro/ExCom/55/3; and
- (b) Urge all Parties to pay their contributions to the Multilateral Fund in full and as early as possible, considering that this is the last year of the current replenishment period.

5. Status of resources and planning

(a) Report on balances and availability of resources

Document UNEP/OzL.Pro/ExCom/55/4 contains the submissions of the implementing and bilateral agencies on completed projects with balances and the return of funds from cancelled projects.

Issues to be addressed: With the addition of balances returned from projects that may be cancelled at this meeting, ongoing projects and the return for two bilateral projects, the total balances addressed in this report amount to US \$2,437,315 including support costs. However since the US \$1,996,269 return from the WB includes a return of US \$1,198,947 to the Fund against the Thailand Chiller concessional loan project (THA/REF/26/INV/104) which has already been

reflected by the Treasurer in the balance of the Fund as at 9 June, the balance available for commitment at the 55th Meeting amounts to US \$107,366,883.

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

- (a) Note the report on balances and availability of resources contained in UNEP/OzL.Pro/ExCom/55/4;
 - (b) Note the net level of funds being returned by the implementing agencies to the 55th Meeting amounting to US \$2,282,273 against project balances. This includes the return of US \$167,062 from UNDP, US \$108,253 from UNEP, US \$10,689 from UNIDO and US \$1,996,269 (including a return to the Fund by the Government of Thailand of US \$1,198,947 against its chiller concessional loan project (THA/REF/26/INV/104));
 - (c) Note the net level of support costs being returned by the implementing agencies to the 55th Meeting amounting to US \$129,706 against project support cost balances. This includes the return of US \$21,718 from UNDP, US \$9,760 from UNEP, US \$948 from UNIDO and US \$97,280 from the World Bank;
 - (d) Note that implementing agencies had balances totalling US \$9,478,931 excluding support costs from projects completed over two years ago. This includes US \$2,052,825 from UNDP, US \$2,422,855 from UNEP, US \$997,910 from UNIDO, and US \$4,005,341 from the World Bank;
 - (e) Note that US \$7,000 should be deducted from the bilateral contributions of Canada and US \$910 against project support cost balances of Canada;
 - (f) Note that US \$17,426 should be deducted from the bilateral contributions of Sweden and that the level of project support cost associated to the balance to be returned by Sweden to the 55th meeting is yet to be determined; and
 - (g) Note that US \$107,366,883 (to be updated at the meeting) was available to the Executive Committee for approvals at the 55th Meeting.
- (b) 2008 business plans and annual tranche submission delays**

Document UNEP/OzL.Pro/ExCom/55/5 considers business planning in the light of the submissions to the 55th Meeting, decisions taken at the 54th Meeting with respect to the 2008-2010 business plans, and the value of activities that were not submitted to either the 54th or 55th Meetings but were included in the 2008 business plans. It identifies activities required and not required for compliance, including HCFC activities pursuant to decision 54/5, paragraph (b)(i). It also assesses the forward commitments approved to-date as well as those submitted for

approval to the 55th Meeting. It concludes with observations and recommendations. Pursuant decision 53/3, paragraph (c), this document also includes information on submission delays which addresses delays in the submission of tranches that were due at the 55th Meeting, tranche delays in countries for which compliance decisions have been taken, tranches not submitted by agreement with the Secretariat, and presents recommendations for consideration by the Executive Committee.

Issues to be addressed:

- US \$33,350,674 remains unallocated in the 2006-2008 replenishment;
- Agencies submitted projects valued at over US \$29,995,540 above the value in the business plans for these activities. Most of this is attributed to HPMP preparation, the MDI project in China, and a TPMP in Yemen;
- Thirty-seven per cent of the value of the 2008 business plans is expected to be submitted to the 56th Meeting;
- US \$41,397,430 remains to be submitted in 2008 for activities critical to compliance; and
- 21 annual tranches due to the 55th Meeting were not submitted, seven of which have been delayed for the second consecutive meeting. An additional seven annual tranches were submitted but have been withdrawn due to limited implementation or incomplete verification reports.

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

- (a) Noting the Report on the status of the 2008 business plans as contained in UNEP/OzL.Pro/ExCom/55/5 and the fact that US \$41.4 million in activities that were required for compliance had not been submitted to the 55th Meeting, and that the value of forward commitments approved at the 55th Meeting [exceeds/is below] the value in the 2008-2010 business plan of the Multilateral Fund by US \$XXX [to be provided based on actual approvals];
- (b) Noting the information on annual tranches of multi-year agreements submitted to the Secretariat by Canada, Italy Spain, UNDP, UNEP, UNIDO, and the World Bank as contained in the document (UNEP/OzL.Pro/ExCom/55/5);
- (c) Requesting bilateral and multilateral implementing agencies to submit those activities required for compliance in the 2008 business plans to the 56th Meeting;
- (d) Noting that 31 of the 52 annual tranches of multi-year agreements that were due for submission were submitted on time to the 55th Meeting, but the remaining 21 have not been;

- (e) Noting that letters should be sent for the annual tranches, indicated in Table 6 of the present document, that were due for submission to the last two meetings with the reasons indicated for the delay, and encouraging implementing agencies and the relevant Article 5 Governments to take actions to expedite the implementation of the approved tranches so that the past-due tranches could be submitted to the 56th Meeting;
- (f) Noting that letters should be sent for the annual tranches, indicated in Table 7 of the present document, that were due for submission to the 55th Meeting with the reasons indicated for the delay, and encouraging implementing agencies and the relevant Article 5 Governments to submit these annual tranches to the 56th Meeting;
- (g) Encouraging the Governments of Bangladesh, Comoros, the Democratic Republic of the Congo, Dominica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, and Uruguay to expedite the implementation of their current tranches of the TPMP in order to submit the next tranche as soon as possible; and
- (h) Noting that the level of annual tranches submitted for approval to the 55th Meeting amounted to US \$ XXX and, as a result, the total level of commitments for the period 2009 to 2014 would amount to US \$ XXX million [to be updated].
- (c) **Status on implementation of delayed projects and prospects of Article 5 countries in achieving compliance with the next control measures of the Montreal Protocol**

Document UNEP/OzL.Pro/ExCom/55/6 contains four parts and two annexes. Part I has been prepared in response to decisions 32/76(b) and 46/4, which requested that the Secretariat to prepare an annual update of the status of compliance of Article 5 countries that are subject to the Montreal Protocol control measures. Part II contains information on those Article 5 countries that are subject to decisions of the Parties and recommendations of the Implementation Committee on compliance. Part III presents data on the implementation of country programmes, including an analysis of the ODS consumption data by sector. It also addresses the characteristics of ODS phase-out programmes. Part IV presents the results of the first risk assessment including information on projects with implementation delays.

Issues to be addressed:

- All countries that are at risk of not meeting the interim reductions prior to 2010 have projects approved to achieve those targets, or activities in the 2008-2010 business plans, with the exception of halon for Somalia where

funding is available when conditions permit for a TPMP, and carbon tetrachloride (CTC) in El Salvador (where consumption was for laboratory and analytical uses);

- 2007 data suggests possible non-compliance with the methyl bromide (Ecuador) and CTC control measures (Chile, Cuba and Mexico);
- Concerning countries with possible compliance issues being considered by the Implementation Committee, of the 60 issues for Article 5 (A5) Parties to be considered by the Implementation Committee at its meetings in 2008, 26 have been resolved; and
- Only four countries provided data according to the new format approved over three years ago and only 10 countries submitted data using the web-based system.

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

(a) Noting:

- (i) With appreciation, the status reports on projects with implementation delays submitted to the Secretariat by the Governments of Canada, France, Germany, Spain, and the four implementing agencies, addressed in UNEP/OzL.Pro/ExCom/55/6;
- (ii) The completion of three of the 27 projects listed with implementation delays;
- (iii) That letters of possible cancellation should be sent in respect of the following projects:

Agency	Code	Project Title
IBRD	ARG/REF/18/INV/39	Elimination of CFC in the manufacturing plant of domestic refrigerators of Neba S.A.
UNDP	AFR/FUM/38/TAS/32	Technical assistance for methyl bromide reductions and formulation of regional phase out strategies for low volume consuming countries
UNDP	SYR/REF/38/INV/86	Sector phase out plan for CFCs in the refrigeration manufacturing sector (except domestic refrigeration)

(b) Requesting milestones and deadlines to be reported at the 55th Meeting for the following projects:

Agency	Code	Project Title
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.
UNIDO	IRA/FOA/37/INV/149	Phasing out of ODS in the manufacture of flexible slabstock foam through the use of LCD blowing technology at Esfanj Shirvan Co.

- (c) Noting the cancellation by mutual agreement of the project:
 - (i) Conversion from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at Shoukairi and Co. (SYR/REF/29/INV/53) for implementation by France;
- (d) Requesting the Government of Japan to submit implementation delay reports to the 56th Meeting; and
- (e) Noting, with appreciation, that 69 countries indicated thus far their confidence in complying with the control measures of the Montreal Protocol after having reviewed the risk assessment.

6. Programme implementation

(a) Monitoring and evaluation

- (i) **Report on the standardization of annual work programmes, progress and verification reports of multi-year agreements and on the development of country profiles**

Document UNEP/OzL.Pro/ExCom/55/7: the work accomplished has focused on developing two web-based reporting and information tools:

- (a) Finalizing the overview tables for multi-year agreements (MYAs) which had been approved on an interim basis by decision 51/13 (c) of the Executive Committee; and
- (b) Creating draft country profiles, in accordance with decision 53/8 (b), with the aim of providing easy access to all relevant information regarding a country's performance record related to ODS consumption, phase-out achieved and the compliance with phase-out targets, compliance risks, project activities completed and approved, etc.

Issues to be addressed:

- Progress achieved with regard to developing and using web-based overview tables for MYAs;
- Creation of draft country profiles; and
- Other developments (completion report format for MYAs, format for terminal reports and extension requests for institutional strengthening (IS) projects).

Action expected from the Executive Committee: the Executive Committee may wish to take note of the information provided in document

UNEP/OzL.Pro/ExCom/55/7, including the proposed outline for country profiles.

(ii) Desk study on the evaluation of terminal phase-out management plans (TPMPs)

Document UNEP/OzL.Pro/ExCom/55/8: the objective of this evaluation is to analyze the role of terminal phase-out management plans (TPMPs) in low volume-consuming (LVC) countries for achieving CFC phase-out in the servicing sectors and enabling compliance with the 85 per cent reduction target for 2007. Among the issues to be evaluated are the reasons for implementation delays, the late submission of funding requests, the coordination between the lead agency and the cooperating agency, the quality of monitoring and reporting, the difficulties encountered and overcome, the prospects for sustainability of the measures taken and institutional capacities created and the lessons learned for the final phase-out of CFCs and the preparation of phase-out plans for HCFCs.

Issues to be addressed:

- Methodology applied for the desk study;
- Overview of TPMPs approved and implemented;
- Main features and results of TPMPs in 16 selected countries;
- Tentative lessons learned; and
- Suggested issues and work plan for the field evaluation of TPMPs.

Action expected from the Executive Committee: the Executive Committee may wish to take note of the information provided in document UNEP/OzL.Pro/ExCom/55/8, including the proposed evaluation issues and work plan for the second phase of the evaluation.

(b) Progress reports as at 31 December 2007

(i) Consolidated progress report

Document UNEP/OzL.Pro/ExCom/55/9 summarises the progress and financial information on the implementation of projects and activities supported by the Fund up to 31 December 2007. The report consists of three parts and two annexes: Part I is a summary of implementation progress at the country level; Part II is a summary of activities to the end of 2007; and Part III contains the comments and recommendations of the Fund Secretariat. Annex I contains project implementation data by country; and Annex II an analysis of progress report data.

Issues to be addressed:

- Ongoing projects converting to HCFC-based equipment; and
- Status of the Executive Committee's funding window for chiller projects.

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

- (a) Note the Consolidated Progress Report of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/55/9;
- (b) Urge the countries and the companies involved in ongoing projects to convert to HCFC-based equipment to consider using the approved funding for conversion to non-HCFC alternatives where possible; and
- (c) Request the Multilateral Fund Secretariat to consult the GEF Secretariat on expediting the release of GEF co-funding for projects already approved by the Executive Committee, in order to prevent further delays in the use of approved Multilateral Fund resources.

(ii) Bilateral cooperation progress report

Document UNEP/OzL.Pro/ExCom/55/10: contains the progress report on activities up to 31 December 2007 implemented under bilateral cooperation by: Australia, Canada, France, Germany, Italy, Portugal, Spain, Sweden and the United States of America.

Issue to be addressed:

- Progress reports have not been received from Finland, Japan and Switzerland; and
- Request for additional status reports on projects with slow progress.

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

- (a) Note with appreciation the progress reports submitted by the Governments of Australia, Canada, France, Germany, Italy, Portugal, Spain, Sweden, and the United States of America;
- (b) Request the Governments of Finland, Japan, and Switzerland to provide their progress reports to the 56th Meeting of the Executive

Committee;

- (c) Request the Governments of Canada, France, Germany, Japan, Portugal, and Spain to provide reports on the projects with implementation delays to the 56th Meeting of the Executive Committee as shown in Table 2 of document UNEP/OzL.Pro/ExCom/55/10;
- (d) Request additional status reports on the following projects:
 - (i) Customs officers training project in the Federated States of Micronesia (FSM/REF/36/TAS/01) under Australian implementation;
 - (ii) Customs officers training project in Tuvalu (TUV/REF/36/TAS/02)
 - (iii) Customs officers training project in Vanuatu (VAN/REF/36/TAS/02) under Australian implementation;
 - (iv) MAC recovery and recycling project in the Federated States of Micronesia (FSM/REF/36/TAS/02) under Australian implementation;
 - (v) MAC recovery and recycling project in Kiribati (KIR/REF/36/TAS/03) under Australian implementation;
 - (vi) MAC recovery and recycling project in the Marshall Islands (MAS/REF/36/TAS/02) under Australian implementation;
 - (vii) MAC recovery and recycling project in Palau (TTR/REF/36/TAS/02) under Australian implementation;
 - (viii) MAC recovery and recycling project in Tuvalu (TUV/REF/36/TAS/04) under Australian implementation;
 - (ix) MAC recovery and recycling project in Vanuatu (VAN/REF/36/TAS/04) under Australian implementation;
 - (x) MAC recovery and recycling project in Solomon Islands (SOI/REF/36/TAS/04) under Australian implementation;
 - (xi) The RMP component for a Public Awareness Programme in Bolivia (BOL/REF/36/TAS/20) under Canadian implementation;
 - (xii) The TPMP in Kenya (KEN/PHA/44/INV/37) under French implementation;
 - (xiii) The TPMP in Seychelles (SEY/PHA/51/INV/12) under French implementation;
 - (xiv) The recovery and recycling project in Tanzania (URT/REF/36/TAS/14) under German implementation;
 - (xv) The national CFC phase-out plan in Iran (IRA/PHA/45/INV/169) under German implementation;
 - (xvi) Halon banking project in Croatia (CRO/HAL/43/TAS/24) under German implementation;

- (xvii) 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;
- (xviii) CFC phase-out plan in Philippines (PHI/PHA/44/TAS/77) under Swedish implementation;
- (xix) CFC phase-out plan in Romania (ROM/PHA/45/TAS/31) under Swedish implementation; and
- (xx) CFC phase-out plan in Serbia (YUG/PHA/43/TAS/22) under Swedish implementation.

(iii) UNDP progress report

Document UNEP/OzL.Pro/ExCom/55/11 contains the progress report of UNDP for activities up to 31 December 2007 and the comments and recommendations of the Fund Secretariat on the report.

Issues to be addressed:

- US \$132 million has been approved for MYAs for UNDP implementation and there was a balance of US \$51.7 million at 31 December 2007.
- 50 MYAs are under implementation; 14 MYAs (approved over a year ago) have disbursed less than 20 per cent of the funds approved;
- 21 projects are classified with implementation delays that are subject to procedures of project cancellation;
- No disbursements have been reported for three institutional strengthening projects approved over a year ago;
- Nine RMPs have been delayed;
- Five methyl bromide non-investment projects have been delayed;
- One halon banking project and one halon study has been delayed; and
- Remaining balances from HCFC surveys to be returned.

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

- (a) Note UNDP's Progress Report contained in UNEP/OzL.Pro/ExCom/55/11;
- (b) Request additional status reports be provided for the following MYAs that were approved over a year ago and for which there have been no disbursements:
 - (i) Democratic Republic of the Congo (DRC/PHA/49/INV/24);
 - (ii) Grenada (GRN/PHA/49/INV/10);
 - (iii) Paraguay (PAR/PHA/51/INV/17);

- (iv) Saint Kitts and Nevis (STK/PHA/48/TAS/09);
 - (v) Uruguay (URU/PHA/50/INV/46);
- (c) Request additional status reports be provided for the following MYAs that were approved over a year ago and for which disbursement levels are below 20 per cent:
- (i) Bolivia (BOL/PHA/51/INV/29);
 - (ii) Dominica (DMI/PHA/48/TAS/09);
 - (iii) Panama (PAN/PHA/44/INV/22);
 - (iv) Saint Vincent and the Grenadines (STV/PHA/47/INV/11);
- (d) Note that UNDP will report to the 56th Meeting on up to 21 projects with implementation delays including four projects that were classified as such in 2006;
- (e) Request additional status report on the MDI project in Bangladesh (BGD/ARS/52/INV/26) due to lack of project document signature;
- (f) Request additional status reports be provided to the 56th Meeting on the following IS projects where no disbursements have been reported:
- (i) Lebanon (LEB/SEV/50/INS/64);
 - (ii) Trinidad and Tobago (TRI/SEV/50/INS/21);
 - (iii) Uruguay (URU/SEV/49/INS/45);
- (g) Request additional status reports be provided to the 56th Meeting on the following RMP activities:
- (i) Barbados (BAR/REF/43/TAS/11 and BAR/REF/43/TAS/12);
 - (ii) Cape Verde (CBI/REF/44/TAS/08);
 - (iii) Guinea Bissau (GBS/REF/43/TAS/07);
 - (iv) Haiti (HAI/REF/39/TAS/04 and HAI/REF/39/TAS/06);
 - (v) Honduras (HON/REF/44/TAS/15);
 - (vi) Maldives (MDV/REF/38/TAS/05);
 - (vii) Sierra Leone (SIL/REF/41/TAS/05 and
SIL/REF/41/TAS/06);
 - (viii) Sri Lanka (SRL/REF/32/TAS/15);
 - (ix) Suriname (SUR/REF/44/TAS/09 and SUR/REF/44/TAS/10);
- (h) Request additional status reports be provided to the 56th Meeting on the following projects in the methyl bromide sector:

- (i) Technical assistance project to install alternatives, and achieve compliance and phase-out of methyl bromide in Fiji (FIJ/FUM/47/TAS/17);
 - (ii) Technical assistance project to install alternatives, and achieve compliance and phase-out of methyl bromide in Malaysia (MAL/FUM/47/TAS/17);
 - (iii) Alternatives to methyl bromide for structural fumigation project in Mexico (MEX/FUM/26/DEM/86);
 - (iv) Methyl bromide demonstration project in Sri Lanka (SRL/FUM/27/DEM/13);
 - (v) Technical assistance for methyl bromide reductions and formulation of regional phase-out strategies for low-volume consuming countries (AFR/FUM/38/TAS/32);
- (i) Request an additional status report be submitted to its 56th Meeting on the sectoral phase-out programme to establish a regional halon bank for West and Central Africa (Benin, Burkina Faso, Cameroon, Congo, Democratic Republic of the Congo, and Guinea) (AFR/HAL/37/TAS/31);
 - (j) Note that UNDP will return the un-disbursed balance as at 31 December 2007 for the HCFC surveys approved at the 45th Meeting; and
 - (k) Request UNOPS through UNDP to financially complete the phase out CFC-11 and CFC-12 mixture in the manufacture of insecticides by conversion to hydrocarbon propellant at Fadi, SA in Burundi (BDI/ARS/35/INV/09).

(iv) UNEP progress report

Document UNEP/OzL.Pro/ExCom/55/12 contains the progress report of UNEP for activities up to 31 December 2007 and the comments and recommendations of the Fund Secretariat on the report.

Issues to be addressed:

- US \$5.6 million has been approved for MYAs for UNEP implementation and there was a balance of US \$3.7 million as at 31 December 2007;
- Forty-one MYAs are under implementation; four MYAs (approved over a year ago) have disbursed less than 20 per cent of the funds approved;
- One regional and four global projects have been delayed in addition to nine projects, classified as such, that are subject to procedures of project cancellation;

- There has been delayed project preparation, preparation for which no funds had been disbursed, and projects prepared without any recorded disbursement;
- Cases of no disbursement or slow implementation have been reported for 33 countries with institutional strengthening projects approved over a year ago;
- Four RMPs have been delayed;
- Country programme preparation approved in July 2006 started in January 2008;
- One halon banking project disbursed funds before a business plan had been submitted;
- CAP funds are being used for QPS surveys; and
- Questions asked by the Secretariat have not been answered for several projects.

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

- (a) Note UNEP's progress report contained in UNEP/OzL.Pro/ExCom/55/12;
- (b) Note that UNEP has nine projects classified with implementation delays, including four projects that were so classified last year, and that a report on these projects should be submitted to the 56th Meeting;
- (c) Request additional status reports to be submitted to the 56th Meeting for the following MYAs:
 - (i) Bahrain (BHA/PHA/50/TAS/17);
 - (ii) Bangladesh (BGD/PHA/42/TRA/16, BGD/PHA/42/TAS/18 and BGD/ARS/52/TAS/27);
 - (iii) Panama (PAN/PHA/50/TAS/27);
 - (iv) Paraguay (PAR/PHA/51/TAS/18);
- (d) Request additional status report to be submitted to the 56th Meeting for the following individual projects:
 - (i) Regional harmonisation project of legislative and regulatory mechanisms to improve monitoring and control of ODS consumption in English-speaking Africa (AFR/SEV/45/TAS/33);
 - (ii) Customs manual under the global project on updating the customs training manual (GLO/SEV/48/TRA/274);

- (iii) The global project on study on challenges associated with halon banking in developing countries (GLO/HAL/52/TAS/281);
 - (iv) The global technical assistance programme in the chiller sector (GLO/REF/48/TAS/275);
- (e) Request additional status reports to be submitted to the 56th Meeting for the individual TPMP preparation projects listed below:
- (i) Cape Verde (CBI/PHA/50/PRP/11);
 - (ii) Central African Republic (CAF/PHA/49/PRP/14);
 - (iii) Chad (CHD/PHA/48/PRP/12);
 - (iv) Comoros Islands (COI/PHA/47/PRP/11);
 - (v) Gabon (GAB/PHA/48/PRP/18);
 - (vi) Mali (MLI/PHA/48/PRP/20);
 - (vii) Rwanda (RWA/PHA/48/PRP/11);
 - (viii) Senegal (SEN/PHA/48/PRP/21);
 - (ix) Togo (TOG/PHA/48/PRP/12);
 - (x) United Republic of Tanzania (URT/PHA/50/PRP/20);
 - (xi) Yemen (YEM/PHA/50/PRP/26);
 - (xii) Djibouti (DJI/PHA/48/PRP/11);
 - (xiii) Guatemala (GUA/PHA/50/PRP/32);
 - (xiv) Moldova (MOL/PHA/48/PRP/16);
 - (xv) Niger (NER/PHA/48/PRP/18);
 - (xvi) Nicaragua (NIC/PHA/49/PRP/19);
- (f) Request that additional status reports be submitted to the 56th Meeting for the following individual projects on institutional strengthening:
- (i) Albania (ALB/SEV/49/INS/13);
 - (ii) Algeria (ALG/SEV/48/INS/64);
 - (iii) Barbados (BAR/SEV/46/INS/13);
 - (iv) Bahamas (BHA/SEV/50/INS/13);
 - (v) Botswana (BOT/SEV/41/INS/08);
 - (vi) Brunei Darussalam (BRU/SEV/43/INS/05);
 - (vii) Cape Verde (CBI/SEV/50/INS/10);
 - (viii) Croatia (CRO/SEV/47/INS/28);
 - (ix) Djibouti (DJI/SEV/48/INS/09);
 - (x) Ethiopia (ETH/SEV/41/INS/12 and ETH/SEV/50/INS/16);
 - (xi) Fiji (FIJ/SEV/50/INS/18);
 - (xii) Gabon (GAB/SEV/50/INS/19);
 - (xiii) Grenada (GRN/SEV/50/INS/11)
 - (xiv) Guinea Bissau (GBS/SEV/50/INS/09);
 - (xv) Kiribati (KIR/SEV/49/INS/05);
 - (xvi) Lesotho (LES/SEV/45/INS/09);

- (xvii) Moldova (MOL/SEV/48/INS/14);
- (xviii) Micronesia (FSM/SEV/49/INS/04);
- (xix) Myanmar (MYA/SEV/29/INS/02);
- (xx) Nicaragua (NIC/SEV/49/INS/20);
- (xxi) Panama (PAN/SEV/44/INS/21);
- (xxii) Paraguay (PAE/SEV/39/INS/13);
- (xxiii) Peru (PER/SEV/37/INS/31);
- (xxiv) Rwanda (RWA/SEV/50/INS/12);
- (xxv) St. Kitts and Nevis (STK/SEV/47/INS/08);
- (xxvi) Sao Tome and Principe (STP/SEV/50/INS/11);
- (xxvii) Somalia (SOM/SEV/36/INS/03 and SOM/SEV/44/INS/05);
- (xxviii) Sudan (SUD/SEV/42/INS/16);
- (xxix) Suriname (SUR/SEV/50/INS/11);
- (xxx) Togo (TOG/SEV/50/INS/14);
- (xxxi) Turkmenistan (TKM/SEV/46/INS/01);
- (xxxii) Vanuatu (VAN/SEV/36/INS/03);
- (xxxiii) Zimbabwe (ZIM/SEV/50/INS/03).

- (g) Request that additional status reports be submitted to the 56th Meeting, for the following individual refrigerant management plan (RMP) projects:
 - (i) Training of trainers in good refrigerant management practise and national technicians training in Brunei Darussalam (BRU/REF/44/TRA/07);
 - (ii) Training programme for customs officials and training for trainers and refrigeration technicians on good service practices in Syria (SYR/REF/29/TRA/47 and SYR/REF/29/TRA/49);
 - (iii) End-users public awareness component of the RMP in Chile (CHI/REF/35/TAS/148);
 - (iv) CFC phase-out plan in Democratic Republic of the Congo (DRC/PHA/49/TAS/23);
- (h) Request a status report on the country programme/TPMP preparation in Equatorial Guinea (EQG/SEV/49/CPG/01) for submission to the 56th Meeting;
- (i) Consider what action to take in the light of the apparent disbursement in advance of submission of a business plan with respect to the implementation of the halon banking project in Haiti and a global study on halon banking (HAI/HAL/50/TAS/10), based on any update provided by UNEP at the 55th Meeting;

- (j) Request the Treasurer to offset the unobligated balances from UNEP's 2006 and 2007 CAP budget amounting to US \$424,415 as required by decision 35/36(d) that established the CAP;
- (k) Advise CAP with respect to future use of its funds for activities that are not controlled by the Montreal Protocol; and
- (l) Request UNEP to provide responses to the unanswered questions to the MLF Secretariat at the 55th Meeting for the following projects: BUR/REF/44/TRA/07, MLI/REF/43/PRP/13, MLI/REF/45/TAS/19, MLI/REF/45/TRA/18, SYR/REF/29/TRA/47, SYR/REF/29/TRA/49, COI/PHA/52/TAS/13, GAB/PHA/52/TAS/20, DRC/PHA/40/TAS/23, GUA/REF/35/TAS/23, and PAN/REF/29/TAS/14.

(v) UNIDO progress report

Document UNEP/OzL.Pro/ExCom/55/13 contains the progress report of UNIDO for activities up to 31 December 2007 and the comments and recommendations of the Fund Secretariat on the report.

Issues to be addressed:

- US \$142.5 million has been approved for MYAs for UNIDO implementation and there was a balance of US \$40 million at 31 December 2007;
- 55 MYAs are under implementation; five MYAs (approved over a year ago) have disbursed less than 20 per cent of the funds approved;
- There are 12 projects classified with implementation delays that are subject to procedures for project cancellation;
- There have been delays in project preparation for a halon banking activity and a CTC sector plan;
- Three institutional strengthening projects are experiencing implementation difficulties;
- A methyl bromide project has been delayed; and
- Three halon banking projects have been delayed.

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

- (a) Note UNIDO's progress report contained in UNEP/OzL.Pro/ExCom/55/13;
- (b) Request additional status reports on the following projects to be submitted to the 56th Meeting:

- (i) National methyl bromide phase-out plan in Honduras (HON/FUM/50/INV/21);
 - (ii) National methyl bromide phase-out plan in Libya (LIB/FUM/47/INV/27);
 - (iii) CFC phase-out agreement in Romania (ROM/PHA/45/INV/30 and ROM/PHA/48/INV/34);
 - (iv) CFC phase-out agreement in Serbia (YUG/PHA/43/TAS/23);
 - (v) CFC phase-out agreement in Syria (SYR/PHA/49/INV/96);
 - (vi) CTC phase-out plan in the Democratic People's Republic of Korea (DRK/PHA/41/INV/30);
 - (vii) Institutional strengthening in Bosnia and Herzegovina (BHE/SEV/43/INS/19);
 - (viii) Institutional strengthening in Qatar (QAT/SEV/49/INS/08);
 - (ix) Institutional strengthening in Serbia (YUG/SEV/44/INS/25);
 - (x) Methyl bromide phase-out project in Argentina (ARG/FUM/30/INV/105);
 - (xi) Halon phase-out plan preparation in Kuwait (KUW/HAL/45/PRP/07);
 - (xii) Phase-out plan in the CTC sector in Serbia (YUG/SOL/45/PRP/27);
 - (xiii) Halon banking project in Bosnia and Herzegovina (BHE/HAL/42/TAS/18);
 - (xiv) Halon banking project in Kyrgyzstan (KYR/HAL/48/TAS/12);
 - (xv) Halon banking project in Libya (LIB/HAL/47/TAS/26);
- (c) Note UNIDO will report to the 56th Meeting on up to 12 projects with implementation delays in 2007, including five projects that were classified as such in 2006;
- (d) Note that the equipment from the cancelled project in Macedonia at Alkaloid A.D. (MDN/ARS/32/INV/17) would be donated to a university in Macedonia since all attempts to re-deploy it to other countries have not succeeded; and
- (e) Request UNIDO to expedite the completion of the preparation of the halon phase-out plan in Kuwait (KUW/HAL/45/PRP/07) and the CTC sector plan in Serbia (YUG/SOL/45/PRP/27).

(vi) World Bank progress report

Document UNEP/OzL.Pro/ExCom/55/14 contains the progress report of the World Bank for activities up to 31 December 2007 and the comments and recommendations of the Fund Secretariat on the report.

Issues to be addressed:

- US \$530.9 million has been approved for MYAs for World Bank implementation and there was a balance of US \$66.7 million at 31 December 2007;
- Twenty-four MYAs are under implementation; five MYAs (approved over a year ago) have disbursed less than 20 per cent of the funds approved, four of which are associated with grant agreement completion and an additional five MYAs have large remaining balances and/or implementation difficulties;
- The global chiller project is delayed in obtaining co-funding, but the Thai chiller concessional loan project was repaid;
- There are four projects classified with implementation delays that are subject to procedures for project cancellation;
- A methyl bromide project has been delayed; and
- Two halon banking projects have been delayed.

Action expected from the Executive Committee:

- (a) Note the World Bank's progress report contained in UNEP/OzL.Pro/ExCom/55/14;
- (b) Urge the World Bank, for the second consecutive meeting, to expedite the signing of its Grant Agreement with Antigua and Barbuda and its amended Grant Agreement with Tunisia and report on the status to the 56th Meeting;
- (c) Request that additional status reports on the following projects be submitted to the 56th Meeting:
 - (i) National CFC phase-out plan in Argentina (ARG/PHA/47/INV/148);
 - (ii) The methyl bromide project in Thailand (THA/FUM/50/INV/147);
 - (iii) The national methyl bromide phase-out agreement in Vietnam (VIE/FUM/50/INV/48);
 - (iv) Terminal phase-out management plan in the Bahamas (BHA/PHA/44/INV/12);
 - (v) China foam sector plan;
 - (vi) China halon sector plan;
 - (vii) Indonesia foam sector plan;
 - (viii) Thailand ODS phase-out plan;
 - (ix) Global Chiller project (GLO/REF/47/DEM/268);
 - (x) Methyl bromide alternatives demonstration project (ARG/FUM/29/DEM/93);
 - (xi) Halon banking project in Argentina (ARG/HAL/26/TAS/80);

- (xii) Halon banking project in Thailand (THA/HAL/29/TAS/121);
- (d) Note, with appreciation, the repayment of the Thai Chiller Loan project (THA/REF/26/INV/104) in the amount of US \$1,198,947; and
- (e) Note that the World Bank will report to the 56th Meeting on a total of four projects with implementation delays including three projects that were classified as such in 2006.

(c) Evaluation of the implementation of the 2007 business plans

Document UNEP/OzL.Pro/ExCom/55/15 presents the evaluation of the 2007 business plans of the implementing agencies using the performance indicators adopted in decision 41/93, the revised weightings adopted by decision 47/51 for all agencies as well as the performance indicators adopted at the 48th Meeting for the Compliance Assistance Programme, the targets that were adopted for the 2007 business plans by the Executive Committee (decisions 51/7 to 51/10) and the agencies' progress and financial reports submitted to this Meeting. This document also presents a trend analysis for each of the nine performance indicators used in prior evaluations and includes for the second year, data on the qualitative performance indicators that were modified at the 46th Meeting. It concludes with the Secretariat's observations and recommendations.

Issues to be addressed:

- Implementing agencies' performance against their 2007 business plan performance indicators; and
- UNEP completed 172 of the planned 201 special CAP assistance activities scheduled for 2007.

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

- (a) Note the evaluation of the implementing agencies' performance against their 2007 business plans as contained in UNEP/OzL.Pro/ExCom/55/15;
- (b) Request UNEP CAP, through its regional networks, to include an item in the agenda of each of its network meetings addressing reporting requirements of the Executive Committee, including the qualitative performance questionnaire, to ensure a greater response to the survey in future; and
- (c) Encourage UNEP to continue to report on the achievement of the special compliance assistance activities and to strive to complete them as planned.

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

Document UNEP/OzL.Pro/ExCom/55/16 contains the Verification of CFC imports and exports for the year 2007 submitted by the World Bank as required by the agreement between the People's Republic of China and the Executive Committee for the CFC/CTC/Halon accelerated phase-out plan and a status report from UNIDO pursuant to decision 52/40 regarding the progress achieved with the activities at the 2.8 Vinalon Factory Complex and the Sinuiju Chemical Fibre Complex related to the terminal phase-out plan of CTC in the Democratic People's Republic of Korea.

Issues to be addressed:

- Verification of CFC imports and exports for the year 2007 in China under the CFC/CTC/Halon accelerated phase-out plan; and
- Status report on progress achieved with activities in two factories related to the terminal phase-out plan of CTC for DPR Korea

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

- Taking note with appreciation the verification of China's CFC import/export in 2007 submitted by the World Bank; and
- Taking note of the status report on the progress achieved by UNIDO with the activities at the 2.8 Vinalon Factory Complex and the Sinuiju Chemical Fibre Complex, related to the Plan for terminal phase-out of CTC in the Democratic People's Republic of Korea.

7. Project proposals**(a) Overview of issues identified during project review**

Document UNEP/OzL.Pro/ExCom/55/17 consists of two sections. Section I provides the statistics on the submissions to the 55th Meeting received from implementing and bilateral agencies, and an assessment of the fund balance available against the demand for funds based on the submissions; Section II contains one policy issue regarding requests for HPMP preparatory funding identified by the Secretariat from the review of the submissions to the meeting.

Issues to be addressed:

- Costing of the preparation of HCFC phase-out management plans (HPMP).

Action expected from the Executive Committee: the Committee might wish to consider first the issue identified in document UNEP/OzL.Pro/ExCom/55/17 and

then review the cost of preparing HPMPs using the cost benchmarks proposed by the Secretariat as the basis.

(b) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/55/18 provides an overview of requests from bilateral agencies, and whether they are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2008. It also cross-references relevant meeting documents that include a discussion on the bilateral requests. Of the 13 requests received, the project preparation request for a terminal phase-out management plan is addressed in the document and is for individual consideration. No agreement on cost has been reached with respect to the eight HCFC phase-out management plans preparation requests.

Issues to be addressed: The value of Germany's request (US \$1,669,950) if added to the amount of US \$2,119,811 that had been already approved for the 2008 German bilateral programme over the 51st, 52nd and 54th Meetings, would lead to the bilateral agency exceeding its 20 per cent limit for its 2008 bilateral programme.

Action expected from the Executive Committee: the Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 55th Meeting as follows:

- (a) US \$198,880 (including agency fees) against the balance of Canada's bilateral contribution for 2008;
- (b) US \$302,275 (including agency fees) against the balance of France's bilateral contribution for 2008; and
- (c) Note that since Germany has fully committed its 20 per cent bilateral contribution for 2006 and 2007, and an amount of US \$2,119,811 has already been approved for 2008, an amount of US \$774,933 is available for approval in 2008 to be offset against Germany bilateral cooperation programme at the 55th Meeting.

(c) Amendments to work programmes for 2008

(i) UNDP

Document UNEP/OzL.Pro/ExCom/55/19 contains 36 activities submitted by UNDP, including one request for renewal of an institutional strengthening project, a request for the preparation of an MDI strategy and 34 requests for project preparation for HCFC phase-out management plans. The renewal of the institutional strengthening project is

recommended for blanket approval and is being considered in agenda item 7(a) and the request for an MDI strategy is recommended for individual consideration. No agreement on cost has been reached with respect to the HCFC phase-out management plans preparation requests.

Issues to be addressed:

- Requests for technical assistance for the preparation of an MDI transition strategy for Armenia pursuant to decision 51/34; and
- Requests for the preparation of HCFC phase-out management plans for 34 countries.

Action expected from the Executive Committee: the Committee may wish to consider approval of the request for preparation of an MDI transition strategy at the funding level of US \$30,000, as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/55/19. The Committee may also wish to confirm whether the information provided is consistent with the requirements of decision 51/34. In approving this project UNDP is requested to note that no further funds for the phase out of CFCs in the MDI sector will be available.

The Secretariat's recommendation to the Committee on the project preparation for HCFC phase-out management plans is pending.

(ii) UNEP

Document UNEP/OzL.Pro/ExCom/55/20 contains 70 activities submitted by UNEP, including five requests for renewal of an institutional strengthening project, 50 requests for project preparation for HCFC phase-out management plans, requests for CP/NPP and TPMP project preparation, a request for a TPMP verification in a country as per decision 45/54, two requests for transitional MDI strategies, and ten on-going and new TPMPs. The renewals of the institutional strengthening projects and the request for the TPMP verification report are recommended for blanket approval and are being considered in agenda item 7(a). No agreement on cost has been reached with respect to the HCFC phase-out management plans preparation requests and the activities for the on-going or new TPMPs are dealt in the respective country document. The other activities are for individual consideration.

Issues to be addressed:

- Approval of the request for TPMP preparation for Myanmar without new funding, and using remaining balance for the RMP due to long delays in RMP implementation and that the project has substantive balances;

- Approval of the request for the preparation of a CP/NPP for Iraq considering that they have not yet deposited documents for ratification of the Montreal Protocol;
- Requests for a technical assistance for the preparation of an MDI transition strategy for Sri Lanka and for additional project preparation funds for the non-investment component of the MDI conversion project in Pakistan pursuant to decision 51/34; and
- Requests for the preparation of HCFC phase out management plans for 50 countries.

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

- Approving funding for the project preparation of the CP/NPP for Iraq as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/55/20, contingent on the Government of Iraq depositing the instruments of ratification by the time of the 55th Meeting;
- Noting and approving the project preparation of a terminal phase-out management plan for Myanmar and requiring UNEP to provide the Secretariat with an official letter from Myanmar agreeing to this method of preparation for the TPMP;
- Approving the request for project preparation for the non-investment component of the CFC MDI conversion project in Pakistan as well as the development of a transition strategy at the funding level of US \$20,000, as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/55/20; and
- Approving the request for preparation of an MDI transition strategy in Sri Lanka at the funding level of US \$30,000, as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/55/20. The Committee may also wish to confirm whether the information provided is consistent with the requirements of decision 51/34. In approving this project UNEP is requested to note that no further funds for the phase-out in the MDI sector will be available.

The Secretariat's recommendation to the Committee on the project preparation for HCFC phase-out management plans is pending.

(iii) UNIDO

Document UNEP/OzL.Pro/ExCom/55/21 contains 51 activities submitted by UNIDO, including a request for an institutional strengthening project, a technical assistance project for methyl bromide phase-out, 44 requests for preparation of HCFC phase-out management plans, three project

preparation for investment projects in the CFC MDI-sector and two technical assistance for the preparation of MDI transitional strategies. The requests for the institutional strengthening project and the technical assistance for MB phase-out are recommended for blanket approval and are being considered in agenda item 7(a). No agreement on cost has been reached with respect to the HCFC phase-out management plans preparation requests and the other activities are for individual consideration.

Issues to be addressed:

- Requests for project preparation for MDI investment projects in Algeria, Syria and Venezuela as well as technical assistance for the preparation of MDI transition strategies for DPR Korea and Mongolia pursuant to decision 51/34; and
- Requests for the preparation of HCFC phase out management plans for 44 countries.

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

- Consider approval of the request for MDI project preparation for Algeria at the funding level of US \$30,000, as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/55/21. The Committee may also wish to confirm whether the information provided is consistent with the requirements of decision 51/34. In approving this project UNIDO is requested to note that, in developing the investment project, the final document must include elements of a transition strategy to assist the MDI sector and to support the full implementation of the investment project, pursuant to decision 51/34. It should also be noted that no further funds for a separate transition strategy for this sector will be available;
- Note that the Secretariat's review shows that the documentation provided with the request for MDI project preparation for the Syrian Arab Republic does not meet the full requirements of decision 51/34 and is unable to recommend this project for funding by the Executive Committee. The Executive Committee may wish to consider this request for MDI project preparation for the Syrian Arab Republic in light of the Secretariat's comments;
- Note that the Secretariat's review shows that the documentation provided with the request for a MDI project preparation for Venezuela does not meet the full requirements of decision 51/34 and is unable to recommend this project for funding by the Executive Committee. The Executive Committee may wish to consider this request for MDI

project preparation for Venezuela in light of the Secretariat's comments; and

- Take into account the Secretariat's comments on the requests for development of CFC-MDI transition strategies for DPR Korea and Mongolia, based on which the funding requested for those strategies is not recommended.

The Secretariat's recommendation to the Committee on the project preparation for HCFC phase-out management plans is pending.

(iv) World Bank

Document UNEP/OzL.Pro/ExCom/55/22 contains 10 activities submitted by the World Bank, including one request for a renewal of an institutional strengthening project, eight project preparation requests for HCFC phase-out plans, and a request for the development of strategy/methodology for ODS disposal. The renewal of an institutional strengthening project is recommended for blanket approval and is being considered in agenda item 7(a). No agreement on cost has been reached with respect to the HCFC phase-out management plans preparation requests and the other activity is for individual consideration.

Issues to be addressed:

- Agreement on the Terms of Reference for the study on how to develop a strategy for obtaining funding through voluntary carbon markets for the destruction of unwanted ODS; and
- Requests for funding for the preparation of HCFC phase out management plans in 7 countries: The Secretariat is unable to make a recommendation considering that there are currently no existing guidelines for the development and funding the preparation of HCFC phase-out management plans, and initial discussion will take place only at this meeting.

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

- Approving the draft terms of reference for the study on how to develop a strategy to obtain funding through voluntary carbon markets for the destruction of unwanted ODS; and
- Approve the request for funding this study at the level indicated in Table 1 of document UNEP/OzL.Pro/ExCom/55/22.

The Secretariat's recommendation to the Committee on the project preparation for HCFC phase-out management plans is pending.

(d) Investment projects

Document [UNEP/OzL.Pro/ExCom/55/17](#) contains in Annex II a list of eight projects for individual consideration. All other investment projects, both on-going and new activities, were recommended for blanket approval and were considered in Agenda item 7 (a).

Issues to be addressed: In Table 1 below, each of the eight 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.

Table 1: List of projects for individual consideration

Country	Project	Agency	Issue
Methyl bromide			
China	Phase II of the MB production sector plan (2008-2010)	UNIDO	Adequacy of verification of MB production, an ODS with dual uses
Multi-year Agreements			
Central African Republic	TPMP	UNEP/France	Loss of funds from RMP, with little implementation, and return of fund balance from RMP
Chile	Servicing sector terminal CFC phase-out plan	Canada	NPP for a non-LVC country. All issues have been resolved
Nepal	CFC National Phase out Plan	UNEP	Low fund disbursement from previous funding tranche
Peru	CFC National phase out plan	UNEP/UNDP	National CFC consumption data need clarification
Yemen	National ODS Phase-Out Plan	UNIDO	Multiple technology options for foam conversion from CFC-11, such as HCFC and others, in light of decision XIX/6 of the MOP (pending)
MDI			
China	Sector plan for phase-out of CFCs consumption in MDI sector	UNIDO	Disagreement on cost but project needed to complete CFC phase-out
Production			
India	Accelerated CFC production phase out	World Bank	Clarification on the coverage of the penalty clause

Action expected from the Executive Committee: the Committee may wish to consider whether to approve each of the eight projects listed in the table above 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/bilateral agency.

8. Country programmes

Document UNEP/OzL.Pro/ExCom/55/44 contains a revised country programme update submitted pursuant to decision 41/84 by UNEP and UNIDO, on behalf of the Government of the Islamic Republic of Iran.

Issues to be addressed: none.

Action expected from the Executive Committee: the Committee may wish to note that UNEP and UNIDO, on behalf of the Government of the Islamic Republic of Iran, have submitted a revised country programme update document as requested in decision 41/84.

9. Production sector

(a) Further elaboration and analysis of issues pertaining to the phase-out of HCFC Production Sector (decision 53/37(g))

UNEP/OzL.Pro/ExCom/55/45 contains a report from the Secretariat pursuant to the Executive Committee's request at its 53rd Meeting in decision 53/37 paragraph (g). The Secretariat is incorporating the views received from production sector experts from both A5 and non-A5 countries into the document that will be issued to the Executive Committee.

Issues to be addressed: pending.

Action expected from the Executive Committee: pending.

(b) Report on the Production sector sub-group

The Production sector sub-group will be constituted at the 55th Meeting; a report on its deliberation will be circulated at the Meeting.

10. Revised analysis of relevant cost considerations surrounding the financing of HCFC phase-out (decisions 53/37(i) and 54/40)

Document UNEP/OzL.Pro/ExCom/55/47 is a discussion document providing an analysis on relevant cost considerations surrounding the financing of HCFC phase-out, including information on the cost benchmarks/ranges and applicability of HCFC substitute technologies. It also considers financial incentives and opportunities for co-financing, which could be relevant for ensuring that the HCFC phase-out result in climate benefits in accordance with paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties. This document was first considered by the Executive Committee at its 54th Meeting. Subsequent to a discussion, the Committee agreed to consider at its 55th Meeting a revised version of document, which would take into account any comments that Members had submitted to the Fund Secretariat by the end of April 2008.

Issues to be addressed: The Executive Committee may wish to consider in particular the following issues:

- The soundness of the technical information contained in the paper that would allow for the preparation and submission on a case-by-case basis of a few initial stand-alone investment projects;
- The need to validate and optimize HCFC alternative technologies to local conditions prevailing in Article 5 countries;
- The possibility of deferring consideration of policies for the calculation of operating costs and establishment of cost effectiveness thresholds to the first meeting in 2010;
- New system house approaches in the foam sector;
- The possibility of considering submission of a limited number of investment projects in the refrigeration sector with low-GWP technologies;
- Whether to deliberate on policies relating to second stage conversions and cut-off date for installation of HCFC-based manufacturing equipment;
- The approach proposed for the prioritisation of HCFC phase-out technologies to minimise climate impacts;
- The option of equipment replacement at a time when equipment is reaching the end of its useful life; and
- The approach to co-financing.

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

- (a) Take note of the discussion paper providing analysis of relevant costs considerations surrounding the financing of HCFC phase-out,
- (b) Note the limited introduction of several of the HCFC alternative technologies available to date in Article 5 countries, the need to validate and optimize them to local conditions prevailing in Article 5 countries, and the wide variation in costs of replacement equipment and raw materials and, accordingly:
 - (i) Request the Secretariat to gather technical information related to HCFC phase-out in the aerosols, fire extinguishers and solvents on an on-going basis, to review any project in these sectors when submitted and to refer them as appropriate, for individual consideration by the Executive Committee;
 - (ii) Consider the deferral to its first meeting in 2010 of any decision it might wish to take on policies for the calculation of incremental operating costs or savings from HCFC conversion projects, as well as the establishment of cost-effectiveness thresholds, in order to benefit from the experience gained through review of HCFC phase-out projects prior to that meeting;
- (c) Agree that the technical information contained in document UNEP/OzL.Pro/ExCom/55/47, is sufficient to enable preparation, review and submission on a case-by-case basis of a number of stand alone projects (4 per

region) for HCFC phase-out in the foam, refrigeration and air conditioning sectors with the aim of demonstrating the applicability of alternative technologies and facilitating the collection of accurate data on incremental capital costs and operating costs or savings as well as other data relevant to the application of the technologies, as per paras (d) and (e) below;

- (d) Invite bilateral and implementing agencies, as a matter of urgency, to prepare and submit a limited number of time specific project proposals involving interested systems houses and/or chemical suppliers for the development, optimization and validation of chemical systems for use with non-HCFC blowing agents on the following basis:
 - (i) As part of the projects, following the development and validation process, the collaborating systems houses would provide technology transfer and training to a selected number of downstream foam enterprises to complete the phase-out of HCFCs in these enterprises;
 - (ii) Agencies are to collect and report accurate project cost data as well as other data relevant to the application of the technologies;
 - (iii) In order to be of benefit to the preparation and implementation of the HPMPs, as well as any stand alone projects these specific projects will be completed within a period not exceeding 18 months and a progress report on each of the two implementation phases as outlined in paragraphs (i) and (ii) above, will be made available to the Executive Committee;
 - (iv) Bilateral and implementing agencies and relevant collaborating systems houses are encouraged to address the technological issues surrounding preparation and distribution of premixed polyols containing hydrocarbon blowing agents;
- (e) Consider inviting bilateral and implementing agencies to submit a limited number of demonstration projects for the conversion of HCFC projects in the refrigeration and air conditioning sub-sectors to low-GWP technologies to identify all the steps required and assess their associated costs;
- (f) Continue its deliberations on policy relating to second stage conversions and determination of the cut-off date for installation of HCFC-based manufacturing equipment after which incremental costs for the conversion of such equipment will not be eligible for funding, with the view to concluding its considerations prior to submission of stand-alone projects which could commence at the 56th Meeting;
- (g) Consider whether an approach of the type outlined in document UNEP/OzL.Pro/ExCom/55/47 provides a satisfactory basis for the prioritisation of HCFC phase-out technologies to minimise climate impacts as originally envisaged in decision XIX/6, and whether it wishes the Secretariat to continue with its evaluation in order to report in a more detailed fashion at a subsequent Executive Committee meeting;

- (h) Consider the possibility for the Secretariat to approach other institutions with the objective of identifying suitable and compatible regional or multilateral funding mechanisms as sources for co-financing to top up Multilateral Fund ozone funding in order to achieve additional climate benefits and to provide a further report to a future meeting; and
- (i) Consider whether it wishes to examine, at a future meeting, options for giving priority to Multilateral Fund support for equipment replacement at a time when such equipment is reaching the end of its useful life to avoid premature retirement and destruction of expensive, fully functional infrastructure once the 2013 and 2015 compliance targets have been addressed.

11. Assessment of the administrative costs required for the 2009-2011 triennium (follow-up to decisions 50/27, 51/38 and 54/42)

Document UNEP/OzL.Pro/ExCom/55/48 contains the report of the Consultant on the administrative cost study authorized in decision 50/42 based on terms of reference adopted at the 51st Meeting (decision 51/38). The report has been submitted to the implementing agencies for comment following receipt of which a document will be issued to the Executive Committee.

Issues to be addressed: pending.

Action expected from the Executive Committee: pending.

12. CTC

- (a) **Draft assessment report on the study for the phase-out of CT in the chlor-alkali sector (decision 52/31(b))**

Document UNEP/OzL.Pro/ExCom/55/49 presents the World Bank's report "Global assessment of CTC phase-out in the chlor-alkali sector" submitted pursuant to decision 52/31.

Issues to be addressed: none.

Action expected from the Executive Committee: the Executive Committee may wish to consider the draft report and discuss whether to request any further work from the World Bank, taking also into consideration UNEP/OzL.Pro/ExCom/55/50 and the recommendations contained therein.

(b) CTC use as feedstock and process agents, and the co-production of CTC in Article 5 countries (decisions 51/36 and 52/44)

Document UNEP/OzL.Pro/ExCom/55/50 has been issued in relation to decision 52/44 whereby the Committee decided to postpone further discussion of the consideration of the issue of CTC use as feedstock and process agents, and the co-production of CTC in Article 5 countries until the summer of 2008 when the TEAP progress report and the World Bank's draft report on the global assessment of the CTC phase-out in the chlor-alkali sector would be available.

Issues to be addressed: none.

Action expected from the Executive Committee: the Committee might consider whether it wishes to discuss the issue at its 55th Meeting, in light of the information provided in documents UNEP/OzL.Pro/ExCom/55/49 and UNEP/OzL.Pro/ExCom/51/41, and in the report of the TEAP task force to the 28th Meeting of the Open-ended Working Group.

13. Accounts of the Multilateral Fund

(a) Reconciliation of 2006 accounts (follow-up to decision 54/4(b))

Document UNEP/OzL.Pro/ExCom/55/51 contains the explanation provided by UNEP pursuant to decision 54/41(b) on the discrepancy of US \$105,494 in the 2006 expenditures recorded in its 2006 financial statement and not in its 2006 progress report.

Issues to be addressed: To avoid the same errors that have likely occurred in UNEP's 2007 accounts and may occur in future years, UNEP needs to put in place a system to calculate, record and track support costs generated for individual MLF projects.

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

- (a) Note UNEP's explanation on the cause of the difference of US \$105,494 between the disbursements and obligations recorded in the progress report and UNEP's 2006 financial statements;
- (b) Note that corrective action will be taken to reduce UNEP's 2006 expenditures by US \$105,494 and bring them within the correct 2006 disbursement level as reflected in the progress report;
- (c) Note that UNEP is taking corrective actions to adjust the same errors that are likely to have occurred in its 2007 accounts;

- (d) Note that UNEP will put in place a system for ongoing projects to calculate and record support costs manually to eliminate the risk of incorrect generation of support costs in future; and
- (e) Request UNEP to report to the 56th Meeting of the Executive Committee on progress made in implementing these actions as part of the 2007 reconciliation of the accounts exercise.

(b) 2007 provisional financial statements

Document UNEP/OzL.Pro/ExCom/55/52 presents the 2007 financial statements of the Multilateral Fund, the four implementing agencies and the Secretariat; information that is contained in the schedules attached to the document.

Issues to be addressed: While the return of funds approved by the Executive Committee for the chiller project (THA/REF/26/INV/104) as a concessional loan to the Government of Thailand has been recorded in both the Bank's 2007 Financial Statement and Progress Report, the disbursements made by the Bank for the Thai project were reported in the Bank's 2007 progress report but not in its 2007 financial statements. A reconciliation of the 2007 accounts with the Bank's progress report is required on the disbursement reported by the Bank on the concessional loan chiller project for Thailand.

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

- (a) Take note of the Fund's 2007 provisional financial statements contained in document UNEP/OzL.Pro/ExCom/55/52;
- (b) Note that the 2007 final accounts of the Fund will be submitted to the Executive Committee at the 56th Meeting;
- (c) Note that the WB reflected expenditures against the Thai project (THA/REF/26INV/104), in its 2007 financial statement and not in its progress report, which constitutes a reconciling item in the 2007 reconciliation of the accounts exercise;
- (d) Note that necessary actions have been taken by the Treasurer to reflect the adjustments resulting from the reconciliation of the 2006 accounts exercise; and
- (e) Request the Treasurer to report to the 56th Meeting audit observations and recommendations on the Multilateral Fund Secretariat accounts for the Committee's consideration.

14. Other matters

Any issues that could be raised during the meeting.