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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

**Addendum**

**ANNOTATED PROVISIONAL AGENDA**

**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 53<sup>rd</sup> 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:

- The continued applicability of the current approach to funding HCFC production phase-out being based on the assumption of plant closures;
- The timing of funding HCFC production phase-out in view of the long duration between the HCFC freeze in 2013 and the final phase-out in 2030, taking into consideration that the phase-out of production and consumption could be undertaken simultaneously;

- The eligibility of the CFC/HCFC-22 swing plants in view of the commitment in the CFC production phase-out agreement not to seek funding from the Multilateral Fund for closing down HCFC facilities that use existing CFC infrastructure;
- The cut-off date for funding eligibility of HCFC production phase-out; and
- Other issues related to the HCFC production sector, taking in account subparagraph (b) above (decision 53/37(g)).

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

- (a) Maintaining paragraphs (a) to (d) decision 19/36 for the HCFC production sector;
- (b) Continuing to calculate production costs on the basis of closure taking into account foreign ownership and export to non-Article 5 components of facilities being closed;
- (c) Encouraging the submission of a synchronized production/consumption phase-out as part of the first HPMP;
- (d) Provide incentives for early phase-out of production facilities;
- (e) Require a robust monitoring system during the control period with the verification report system used for CFC phase-out to monitor facilities that receive funding but continue to produce HCFCs for feedstock uses;
- (f) The issues of:
  - (i) Cut-off dates; and
  - (ii) Swing plants;
- (g) Inviting representatives of the UNFCCC Secretariat dealing with the CDM to the next Production Sector Sub-group meeting to provide information on the CDM process and its relation to HCFC production.

**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 51<sup>st</sup> 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:

- Standard definition of administrative costs;
- Reporting of administrative costs within CAP;
- Adjustment to the calculation of CAP;
- Trust fund accounting with UNIDO;
- Project disbursement rates;
- Activities relating to CFC phase-out;
- HCFC start up activities;
- Current cost regime comparison with GEF;
- Suitability of the current cost regime into the next triennium;
- Monitoring of administrative fees;
- Non-committed grants;
- Foreign currency exchange risk; and
- Reporting requirements.

Action expected from the Executive Committee: the Committee may wish to consider the Consultant's recommendations in light of its review of core unit costs at its 56<sup>th</sup> Meeting.

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