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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-sixth Meeting  
Doha, 8-12 November 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/56/1 contains the Provisional Agenda for the 56<sup>th</sup> 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/56/1 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**

Documents UNEP/OzL.Pro/ExCom/56/2 and Add.1 presents a report on the activities of the Secretariat since the 55<sup>th</sup> Meeting of the Executive Committee. The document includes information on the follow-up activities implemented by the Secretariat on the outcome of the 55<sup>th</sup> Meeting, the preparations for the 56<sup>th</sup> Meeting, as well as information on the missions undertaken by the Chief Officer and the staff of the Secretariat during this reporting period.

\*Document revised to reflect the additional recommendations contained in newly issued documents; additional text is highlighted for ease of reference.

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/56/3 provides information on the status of the Fund as at 3 October 2008 as recorded by the Treasurer. At that date, the Fund's balance stood at US \$99,836,498 after taking into account all the funds approved by the Executive Committee up to and including the 55<sup>th</sup> Meeting.

Issues to be addressed: None.

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

- (a) To 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/56/3; and
- (b) To urge all Parties to pay their contributions to the Multilateral Fund in full and as early as possible, considering that this is the last meeting of 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/56/4 contains a summary of the financial adjustments indicated by the implementing agencies and agreed by the Secretariat. It also includes statistical data from projects with balances that have been held for over the allowable 12-month period following completion of the project (decision 28/7). As per decision 41/92(b) it indicates the level of resources available to the 56<sup>th</sup> Meeting of the Committee.

Issues to be addressed: Pursuant to decision 54/23(d), the funds disbursed by UNDP as an advance for two countries would have to be deducted, if approved.

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/56/4;
- (b) Note the net level of funds being returned by the implementing agencies to the 56<sup>th</sup> Meeting amounting to US \$1,107,116 against projects and HPMP advanced balances. This includes the return of US \$267,698 from UNDP, US \$443,000 from UNEP, US \$396,418 from UNIDO;
- (c) Note the net level of support costs being returned by the implementing agencies to the 56<sup>th</sup> Meeting amounting to US \$123,488 against projects and HPMP support cost advanced balances. This includes the return of US \$20,581 from UNDP, US \$55,840 from UNEP, US \$29,816 from UNIDO; and US \$17,251 from the World Bank;

- (d) Note that implementing agencies had balances totalling US \$5,911,756 excluding support costs from projects completed over two years ago. This includes US \$412,783 from UNDP, US \$1,322,165 from UNEP, US \$623,517 from UNIDO, and US \$3,553,291 from the World Bank;
- (e) Note that bilateral agencies had balances from completed projects totalling US 617,117 excluding support costs;
- (f) Note that bilateral agencies had balances totalling US \$457,254 from projects completed over two years ago. This includes US \$42,162 from Australia, US \$237,336 from France, US \$676 from Italy, US \$43,497 from Denmark; US \$76,730 from Finland and US \$56,853 from Japan;
- (g) Request bilateral agencies to report to the Committee on their proposed disposition of completed projects with balances to the 57<sup>th</sup> Meeting; and
- (h) Request the Secretariat to continue monitoring completed projects with balances for bilateral agencies and report to the Committee.

**(b) 2008 business plans and annual tranche submission delays**

Documents UNEP/OzL.Pro/ExCom/56/5 and Add.1 considers business planning in the light of the approvals at the 54<sup>th</sup> and 55<sup>th</sup> Meetings and submissions to the 56<sup>th</sup> Meeting. It also addresses annual tranche submission delays.

Issues to be addressed:

- US \$33.4 million remains unallocated for the 2006-2008 triennium budget of US \$470 million in the business plans;
- The value of projects submitted to the 56<sup>th</sup> Meeting exceed the amounts in the business plans by US \$38.7 million mostly due to the submission of proposals that significantly exceeded their business plan values included the MDI projects in Argentina, China and India and the cost of HPMP preparation;
- US \$5.7 million was submitted to the 56<sup>th</sup> Meeting for activities not included in the business plan, including US \$2.1 million for an accelerated CFC production phase-out project, three methyl bromide projects (US \$1.8 million), additional and new tranches of TPMPs/NPPs (US \$0.4 million), additional institutional strengthening (US \$0.5 million), additional HPMP preparation (US \$0.4 million), a solvent project (US \$0.2 million), and two technical assistance projects (US \$0.3 million); and
- 30 of the 64 annual tranches due for submission to the 56<sup>th</sup> Meeting were not submitted due largely to lack of progress in implementing approved tranches.

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/56/5 and Add.1 and the fact that US \$10.67 million in activities that were required for compliance had not been submitted to the 56<sup>th</sup> Meeting, and that the value of forward commitments approved at the 56<sup>th</sup> 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, UNDP, UNEP, UNIDO, and the World Bank as contained in the document (UNEP/OzL.Pro/ExCom/56/5);
  - (c) Noting that 34 of the 64 annual tranches of multi-year agreements that were due for submission were submitted on time to the 56<sup>th</sup> Meeting, but the remaining 30 have not been;
  - (d) Noting that letters should be sent to the relevant implementing agencies and applicable Article 5 countries regarding the annual tranches, as indicated in Table 6 of the present document, which had not been submitted to two or three consecutive Meetings, with the reasons stated for the delay, and to encourage implementing agencies and the relevant Article 5 Governments to take actions to expedite the implementation of the approved tranches, so that tranches due for submission could be presented to the 57<sup>th</sup> Meeting provided that sufficient progress had been made;
  - (e) Noting that letters should be sent to the relevant implementing agencies and applicable Article 5 countries regarding the annual tranches, as indicated in Table 7 of the present document, which had been due for submission to the 56<sup>th</sup> Meeting, with the reasons stated for the delay, and to encourage implementing agencies and the relevant Article 5 Governments to take actions to expedite the implementation of the approved tranches, so that tranches due for submission could be presented to the 57<sup>th</sup> Meeting provided that sufficient progress had been made;
  - (f) Encouraging the Governments of the Democratic Republic of Congo and Venezuela to provide verification reports to the 57<sup>th</sup> Meeting, and the Government of Serbia to expedite the implementation of the existing tranches of its National CFC phase-out plan, in order to submit the next tranche as soon as possible; and
  - (g) Noting that the level of annual tranches submitted for approval to the 56<sup>th</sup> Meeting amounted to **US \$7,546,163** and, as a result, the total level of commitments for the period 2009 to 2014 would amount to **US \$240.4** million.
- (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/56/6 contains five parts: Part I has been prepared in response to decisions 32/76(b) and 46/4, which requested the Secretariat to prepare an update for each Meeting of the Executive Committee on the status of compliance of Article 5 countries that are subject to the Montreal Protocol's 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. Part IV presents the results of the risk assessment including information on projects with implementation delays. Part V addresses an issue related to 2007 progress report submissions.

Issues to be addressed:

- On Article 5 countries subject to compliance decisions—information has not been received on 12 of the 73 issues before the Implementation Committee;
- On CP data—only 10 countries used the web-based reporting system;

- On implementation delays and status reports:
  - Report from UNIDO on the milestone and deadline for the Esfanj Shirvan foam project that has had no progress reported to three consecutive meetings;
  - Reports from UNDP on the regional halon bank in Africa and the MDI investment project in Bangladesh, from UNEP on the MDI transition strategy in Bangladesh and the customs training manual, and UNIDO on the preparation of a halon phase-out plan for Kuwait;
- On the risk assessment:
  - Consideration of removal of non-consensus indicators on imports declining faster than quotas and regarding the price difference between CFC-12 and its alternatives, HFC-134a and HFC-502, respectively; and
  - Consideration of maintaining the non-consensus indicator on consumption patterns while continuing to track that on the period of delay in implementation, excluding those delays related to financial closure.

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, Japan, Spain, and the four implementing agencies, and the 2007 progress report information provided by the Governments of Finland, Japan and Switzerland addressed in UNEP/OzL.Pro/ExCom/56/6;
  - (ii) The completion of fourteen of the 54 projects listed with implementation delays;
  - (iii) That the Secretariat and the implementing agencies would take established actions according to the Secretariat's assessments (progress or some progress) and report to and notify Governments and implementing agencies as required;
  - (iv) That a letter of possible cancellation should be sent in respect of the Phase-out of methyl bromide use in the cut flower and banana production (MOR/FUM/29/INV/37) (France);
  - (v) With appreciation the comments received from 31 countries on the risk indicators;
  - (vi) With appreciation, that 78 countries indicated thus far their confidence in complying with the control measures of the Montreal Protocol after having reviewed the risk assessment, and to request the Fund Secretariat to continue to update the assessment based on the other risk indicators given the overall consensus on their application and obtain feedback from the countries;
- (b) Requesting a milestone and a deadline to be provided at the 56<sup>th</sup> Meeting for the Phasing out of ODS in the manufacture of flexible slabstock foam through the use of LCD blowing technology at Esfanj Shirvan Co. project (IRA/FOA/37/INV/149) (UNIDO);
- (c) Requesting additional status reports on the projects listed in Annex VII to the document;

- (d) Requesting an update of the status reports required for the following projects during the 56<sup>th</sup> Meeting:

Agency	Code	Project Title
UNDP	AFR/HAL/37/TAS/31	Sectoral phase out programme: establishing a regional halon bank for West and Central Africa (Benin, Burkina Faso, Cameroon, Congo, Congo DR, and Guinea)
UNDP	BGD/ARS/52/INV/26	Phase-out of CFC consumption in the manufacture of aerosol MDIs (Beximco, Square Pharmaceutical and Acme Pharmaceutical)
UNEP	BGD/ARS/52/TAS/27	Transition strategy for phasing out use of CFCs in the manufacturing of MDIs
UNEP	GLO/SEV/48/TRA/274	Updating the customs training manual
UNIDO	KUW/HAL/45/PRP/07	Preparation of a halon phase-out plan

- (e) Requesting the Secretariat to no longer track the information related to indicators on imports declining faster than quotas and regarding the price difference between CFC-12 and its alternatives, HFC-134a and HFC-502, respectively, while continuing to track the indicator on the period of delay in implementation excluding those delays related to financial closure.

- (d) Updated model rolling three-year phase-out plan: 2009-2011 (follow-up to decision 53/5(d))**

Document UNEP/OzL.Pro/ExCom/56/7 contains the model rolling three year phase-out plan for the Multilateral Fund for the years 2009-2011. The paper includes an analysis of the amounts of ODS that needs to be approved for funding to enable all Article 5 countries to achieve compliance with the Montreal Protocol phase-out targets, and indicates the ODSs to be phased out in Article 5 countries during the 2009-2011 in approved projects. As per decision 54/5(b)(i), the model has included an analysis of the consumption and production of HCFCs by Article 5 countries.

Issues to be addressed:

- The level of effort still required by both the Article 5 countries concerned and the implementing and bilateral agencies to implement and achieve the already funded reductions in ODS consumption and production (about 12,197.8 ODP tonnes of ODS consumption and 7,997.0 ODP tonnes of ODS production excluding HCFCs), and the additional amounts of ODS (2,156.5 ODP tonnes) still to be funded to enable compliance with the Protocol's phase-out targets; and
- The level of funding (some US \$5.8 million) associated with tranches of already approved phase-out projects that was not submitted for approval to the 56<sup>th</sup> Meeting.

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

- (a) Consider adopting the 2009-2011 model three-year phase-out plan as a flexible guide for resource planning for the corresponding triennium;
- (b) Urge Article 5 countries with approved but not implemented projects, and the relevant implementing and bilateral agencies, to accelerate the pace of implementation during the 2009-2011 triennium;
- (c) Urge bilateral and implementing agencies to work with those countries that have been identified in need of immediate assistance to achieve the 2010 Protocol's phase-out targets, and include activities in their 2009-2011 business plans as appropriate;

- (d) Request the Secretariat to present an updated model three-year rolling phase-out plan for the years 2010-2012 to the last meeting in 2009 to provide guidance, as relevant, for the preparation of the 2010-2013 business plan of the Multilateral Fund; and
- (e) To note that:
- (i) In total about 12,197.8 ODP tonnes of ODS consumption and 7,997.0 ODP tonnes of ODS production have yet to be phased out during the remainder of 2008 and in the 2009-2011 triennium;
  - (ii) The 2007 HCFC consumption and production reported by 144 Article 5 countries is 26,367.8 ODP tonnes and 30,581.3 ODP tonnes, respectively. The level of HCFC consumption has been estimated at 32,606 ODP tonnes in 2013, and the HCFC production will follow the demand;
  - (iii) Eighty-six TPMPs for LVC countries, 40 national ODS phase-out plans for non-LVC countries, and 12 phase-out plans in the production sector in 7 non-LVC countries are under current implementation; and
  - (iv) National phase-out plan for one non-LVC country and TPMPs for 10 LVC countries are yet to be submitted for consideration and approval by the Executive Committee.

## **6. Programme implementation**

### **(a) Monitoring and evaluation**

#### **(i) Final report on the evaluation of institutional strengthening projects**

Document UNEP/OzL.Pro/ExCom/56/8: The final report on the evaluation of institutional strengthening projects is part of the 2008 Monitoring and Evaluation Work Programme approved by the Executive Committee at its 53<sup>rd</sup> Meeting (decision 53/7). The desk study on the evaluation of institutional strengthening projects, which was presented to the 54<sup>th</sup> Meeting of the Executive Committee, (UNEP/OzL.Pro/ExCom/54/13) identified important issues for a more detailed investigation during phase II. In addition proposals resulting from the discussion of the Executive Committee on the desk study were taken into account.

#### Issues to be addressed:

- Evaluation issues analyzed and methodology used;
- Results and impact of IS projects;
- Planning and reporting of IS projects;
- Implementation delays;
- Future workloads and needs of the NOUs; and
- Comparison with other Multilateral Environmental Agreements.

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

- (a) Take note of the final report on the evaluation of institutional strengthening projects as presented in document UNEP/OzL.Pro/ExCom/56/8;

- (b) Request the Fund Secretariat to take into account the findings of this evaluation in its review of the funding for institutional strengthening as per decision 53/39;
- (c) Request the implementing agencies to review procedures for fund disbursement and reporting and administrative requirements with a view to minimizing project implementation delays of institutional strengthening projects while ensuring that accountability for institutional strengthening funds disbursed is maintained;
- (d) Request the implementing agencies and the bilateral agencies to ensure that terminal reports and action plans required for institutional strengthening extension requests are thoroughly reviewed for clarity of objectives and expected results prior to submission to the Fund Secretariat;
- (e) Request the implementing agencies to monitor implementation of institutional strengthening projects and to submit any requests for renewal up to six months in advance of expiry of the existing project in line with decision 19/29;
- (f) Request the Fund Secretariat to review the formats for terminal reports and extension requests for institutional strengthening projects with the aim of rationalizing reporting and project review;
- (g) Request UNEP, through the Compliance Assistance Programme (CAP) to provide time during network meetings to discuss institutional strengthening reporting and the importance of requesting renewals on time; and
- (h) Request UNEP to develop a training module on policy and technical issues related to the reduction of HCFC with technical inputs from the other implementing agencies, for briefings of national ozone units during network meetings.

**(ii) 2008 consolidated project completion report**

Document UNEP/OzL.Pro/ExCom/56/9 and Add.1 provide the Executive Committee with an overview of the results reported in the project completion reports (PCR) received since the 53<sup>rd</sup> Meeting in November 2007. This corresponds to decisions 23/8(i) and 26/11 of the Executive Committee requesting the Senior Monitoring and Evaluation Officer to present a consolidated PCR, after consultation with the implementing agencies, at the third meeting of each year.

Issues to be addressed:

- PCRs received and due;
- Content and quality;
- Lessons learned reported in PCRs;
- Schedule for submission of PCRs in 2008; and
- Consistency of data reported in PCRs and in annual progress reports.



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

- (a) Taking note of the 2009 consolidated project completion report including the schedule for submission of project completion reports (PCRs) due and the lessons learned in Annex II of document UNEP/OzL.Pro/ExCom/56/9;
- (b) Requesting implementing agencies and bilateral agencies concerned:
  - (i) To establish by the end of January 2009, in cooperation with the Multilateral Fund Secretariat, full consistency of data reported in the PCRs in the inventory and in the annual progress reports;
  - (ii) To provide, by the end of January 2009, the information still missing in a number of PCRs;
  - (iii) To clear by the end of January 2009 the backlog of PCRs on projects completed before the end of 2006; and
- (c) Inviting all those involved in the preparation and implementation of projects to take into consideration the lessons learned drawn from PCRs when preparing and implementing future projects.

**(iii) Draft Monitoring and Evaluation work programme for the year 2009**

Document UNEP/OzL.Pro/ExCom/56/10 contains the draft 2009 monitoring and evaluation work programme, which summarizes the results achieved in implementing the 2008 work programme; a proposal for the evaluation studies to be conducted in 2009; the general methodological approach; and the budget required for implementing the evaluation studies in 2009.

Issues to be addressed:

- Results of the 2008 work programme;
- Evaluation studies proposed for the year 2009;
- Implementation modalities and methodological approach; and
- Budget for the 2009 work programme.

Action expected from the Executive Committee: The Executive Committee may wish to consider approving the proposed 2009 work programme for monitoring and evaluation at a budget of US \$326,000, as shown in document UNEP/OzL.Pro/ExCom/56/10.

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

Document UNEP/OzL.Pro/ExCom/56/11 consists of progress reports on the implementation of: the national CFC phase-out plan in Argentina, terminal phase-out management plan in Bhutan, the accelerated phase-out of CFCs and halons in China, the national phase-out plan for Annex A substances in Colombia, the verification audit report of the terminal CFC phase-out management plan in Croatia, the terminal phase-out management plan in Ghana, the technology transfer leading to methyl bromide phase-out

in soil fumigation in Kenya, the national CFC phase-out plan in Mexico and the sector plan for phasing out CFC-11 and CFC-12 production sector in Mexico.

Issues to be addressed: None.

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

- (a) Take note of the verification and progress reports on the implementation of the national CFC phase-out plan (NPP) for Argentina, and approve the annual implementation programme for 2008-2009 with a proviso requesting the Government of Argentina and UNIDO to ensure that future verification will include the country's monitoring of its activities under the Agreement through the monitoring institutions defined in Appendix 5-A of the Agreement;
- (b) Take note of the progress report on the implementation of the terminal phase-out management plan for Bhutan, as well as the annual implementation plan for 2008-2009;
- (c) Take note of the 2008 progress report on the accelerated phase-out of CFCs and halons in China, and encourages China to continue its efforts to closely monitor the import and export of ODS and the illegal trade and production of ODS, thus contributing to the compliance effort in the region and globally;
- (d) To take note of the progress report on the implementation of the national CFC phase-out plan (NPP) for Colombia, covering the 2007-2008 period and approve the annual implementation programme for 2009;
- (e) To take note of the successful verification of the compliance of Croatia in 2007 with its phase-out obligations for CFC consumption under the terminal phase-out management plan;
- (f) To take note of the progress report on the implementation of the terminal phase-out management plan for Ghana in 2008 and approve the annual implementation programme for 2009;
- (g) To take note of the progress report on the implementation of the proposal on the technology transfer leading to MB phase-out in soil fumigation in Kenya in 2008, approve the annual implementation programme for 2009 and request the Government of Germany and UNIDO to assist the Government of Kenya to strengthen current ODS regulations to ban controlled uses of MB once the project is completed;
- (h) To take note of the verification and progress reports on the implementation of the national CFC phase-out plan (NPP) for Mexico, and approve the annual implementation programme for 2008-2009, requesting UNIDO to ensure that a verification of the country's monitoring of its activities is carried out as part of future verifications as specified in paragraph 6 of the Agreement approved by decision 42/32; and
- (i) To commend the Government of Mexico and UNIDO for the good effort in complying with decision 47/29 and implementing successfully the audits in 2007 and 2008 to confirm the sustained cessation of CFC production at the

Quimobásicos plant in Mexico; and to Agree that the 2007 verification would be the final exercise to be undertaken by UNIDO and requests the national ozone office to maintain monitoring of the CFC production closure at the Quimobásicos Plant as part of the effort to sustain the national CFC phase out plan in future years.

Document UNEP/OzL.Pro/ExCom/56/11/Add.1 provides information on the progress made in all chiller projects in response to decisions 47/26 and 55/5. The 55<sup>th</sup> Meeting of the Executive Committee had requested the Secretariat to consult the Global Environment Facility and the implementing agencies on resolving co-financing issues with respect to the approval of chiller projects and, when applicable, the related release of funding, and to report to the Executive Committee at its 56<sup>th</sup> Meeting

Issues to be addressed: The position on co-financing of projects.

Action expected from the Executive Committee: the Committee may wish to discuss the issues raised and take note of the report.

Document UNEP/OzL.Pro/ExCom/56/11/Add.2 is in response to the Committee's decision requesting the Secretariat to identify projects where conversion to HCFC-based equipment was still being considered, and to assess briefly the feasibility of conversion to non-HCFC alternatives.

Issues to be addressed: None.

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

- (a) Note the report by the Fund Secretariat;
- (b) Note the information cited therein that UNDP will tender under the project "Terminal umbrella project for phase-out of the use of CFC-11 in the manufacture of polyurethane foam" in Chile for equipment that allows the use of non-ODS technology once available in the country, so removing the need for further investment support to the related companies for the manufacturing capacities converted;
- (c) Request agencies to discuss with relevant countries the possibility of avoiding the use of HCFC technology as replacement technology in conversion activities under phase-out plans where possible; and
- (d) Request agencies to report in their annual implementation reports for multi-year agreements those cases in which HCFC technology is used to replace CFC technology, including name and location of the relevant beneficiaries, capacity converted or previous CFC consumption, the reason for the technology selection, and whether the equipment was selected that could also be used with non-ODS technology to reduce the need for further assistance from the Multilateral Fund.

## 7. Project proposals

### (a) Overview of issues identified during project review

Documents UNEP/OzL.Pro/ExCom/56/12 and Add.1 consist of two sections. Section I provides the statistics on the submissions to the 56<sup>th</sup> 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 **three** policy issues regarding (a) requests for project funding which were not approved by the Committee when previously submitted; (b) CFC consumption reported in the verification report of the Venezuela National CFC phase-out plan; and (c) management of unspent fund balance after complete ODS phase-out under the multi-year agreements.

Issues to be addressed: (a) the re-submission of projects that were not approved by the Committee at the request of countries concerned; (b) CFC consumption reported in verification report potentially above compliance targets under the Agreement with the Executive Committee; and (c) country's eligibility to receive unspent fund balance beyond completion of the multiyear agreement when the country has achieved the ODS phase-out targets, necessary monitoring and reporting requirements, and the continued responsibilities of the implementing agency in terms of financial oversight and performance verification beyond the completion of the phase-out.

Action expected from the Executive Committee: the Committee might wish to take note of the submissions by bilateral and implementing agencies and the cash balance available for approvals at the 56<sup>th</sup> Meeting. The Committee might also wish to consider the policy issues identified in section II of the documents. The Committee might also wish to approve the list of project recommended for blanket approval contained in Annex I of UNEP/OzL.Pro/ExCom/56/12 and Add.1 together with the conditions or provisos included in the corresponding project evaluation sheets and the conditions attached to by the Executive Committee.

**(b) Cost structure for determining funding levels for preparation of HCFC investment and associated activities (decision 55/13(d))**

Document UNEP/OzL.Pro/ExCom/56/13 contains a cost structure for determining the funding levels for the preparation of HCFC investment and associated activities as mandated by decision 55/13(d) for consideration at the 56<sup>th</sup> Meeting.

Issues to be addressed:

- Funding levels for preparation of HPMP investment and associated activities;
- Maximum preparation funding for the manufacturing sectors for the preparation of an HPMP stage one; and
- Level of funding and parameters for demonstration projects.

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

- (a) Note the cost structure for determining funding levels for preparation of HPMP investment and associated activities as described in document 56/13;
- (b) Decide on the maximum preparation funding for the manufacturing sectors for the preparation of an HPMP stage one will be determined by the total number of enterprises to be converted in the relevant sector under HPMP stage one, excluding those enterprises with demonstration projects that may be chosen by the Executive Committee according to decision 55/43 paragraphs (b) to (f):
  - (i) One enterprise to be converted in a manufacturing sector: US \$30,000;
  - (ii) Two enterprises to be converted in a manufacturing sector: US \$60,000;

- (iii) Three to fourteen enterprises to be converted in a manufacturing sector: US \$80,000;
  - (iv) Fifteen and more enterprises to be converted in a manufacturing sector: US \$150,000;
  - (v) The maximum preparation funding for sector plans with performance targets beyond the 2015 control measures can be determined on a case-by-case basis, taking into account the levels established in paragraphs (i) to (iv) above;
- (c) Decide that, for demonstration projects, according to decision 55/43 paragraphs (b) to (f), the request for preparation funds should include specification of country, sector, brief description of the project, approximate phase-out to be achieved, reference to the relevant sub-paragraph of decision 55/43, and a description of compelling reasons as to why the Executive Committee should choose this project as described in decision 55/43 (b). Funding could be provided up to the following levels:
- (i) Stand alone demonstration projects (55/43) in a manufacturing sector, per project: US \$30,000;
  - (ii) Umbrella demonstration projects (55/43) with three to fourteen beneficiaries in one manufacturing sector, per umbrella project: US \$80,000;
  - (iii) Projects addressing fifteen or more beneficiaries cannot receive preparation funding for demonstration projects related to decision 55/43; and
- (d) Request the Secretariat to apply this cost structure when assessing the eligibility for funding of the different elements of the HPMP preparation, and to propose adjustments to the Executive Committee when necessary.

**(c) Bilateral cooperation**

Document UNEP/OzL.Pro/ExCom/56/14 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 eleven requests received, two requests for the preparation of the HCFC refrigeration and air-conditioning serving sector plans and one on an international methyl bromide compliance assistance workshop are addressed in this document.

Issues to be addressed: The value of Germany's request (US \$757,517), if added to the amount of US \$8,492,796 that had been already approved for the 2006-2008 German bilateral programme, would lead to the bilateral agency exceeding its 20 per cent limit for the triennium.

Action expected from the Executive Committee: The Executive Committee might wish:

- (a) To request the Treasurer to offset the costs of the bilateral projects approved at the 56<sup>th</sup> Meeting as follows:
  - (i) US \$102,830 (including agency fees) against the balance of Canada's bilateral contribution: US \$17,909 in 2007 and US \$84,921 in 2008;

- (ii) US \$114,356 (including agency fees) against the balance of Israel's bilateral contribution for 2008;
  - (iii) US \$2,799,005 (including agency fees) against the balance of Italy's bilateral contribution: US \$1,290,028 in 2006, US \$764,499 in 2007 and US \$512,512 in 2008;
  - (iv) US \$565,000 (including agency fees) against the balance of Spain's bilateral contribution in 2008; and
- (b) To request the Treasurer not to offset more than US \$191,436 (including agency fees) against the balance of Germany's bilateral allocation for Germany not to exceed its 2006 – 2008 allocation.
- (d) Amendments to work programmes for 2008**

**(i) UNDP**

Document UNEP/OzL.Pro/ExCom/56/15 contains twenty-two activities submitted by UNDP, including requests for renewal of institutional strengthening projects, preparation of HCFC phase-out management plans, HPMP investment project preparation, technical assistance to validate alternative technologies for HCFCs and technical assistance for MDI transition strategies. The activities recommended for blanket approval are being considered under agenda item 7(a). Thirteen requests are recommended for individual consideration.

Issues to be addressed:

- Requests for project preparation for four HCFC demonstration projects for China in the light of decision 55/14, which approved US \$4.1 million as a package for the preparation of an HPMP for China on the condition that no further funding will be approved for the country for HPMP project preparation for Stage 1;
- Request for a project preparation for a demonstration project in Nigeria which aims to validate the cost-effective use of locally produced hydrocarbons (HC), in light of decision 55/43(f) and 55/13(d);
- Request for additional HPMP preparation funding for Indonesia to prepare a sector plan for the servicing sector in the light of the fact that the country received HPMP funding at the 55<sup>th</sup> Meeting that should cover the servicing sector, and an additional request to prepare a sector plan for the RAC manufacturing sector in line with decision 55/13(d);
- Request for funds to prepare an overarching HPMP strategy for India as well as five sector plans, as part of a package proposal for India submitted by UNDP as lead agency, in the light of decision 55/13(d);
- Request for funds to prepare an overarching HPMP strategy for the Islamic Republic of Iran as well as five sector plans, as part of a package proposal for Iran submitted by UNDP as lead agency, in the light of decision 55/13(d);
- Request for funding two global technical assistance projects to enable case studies to validate technologies in the foam sector pursuant to decision 55/43(e) and (f); and

- Requests for technical assistance for the preparation of MDI transition strategies for Ghana and Nicaragua pursuant to decision 51/34.

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

- (a) Consider not to approve the requests for project preparation for demonstration projects for China, and to urge UNDP and China to submit full demonstration projects for consideration of the Committee in line with decisions 55/43(e) and (f) not later than the 59<sup>th</sup> Meeting, without requesting additional project preparation funds;
- (b) In the case of the proposal for a demonstration project for Nigeria, consider the project in the light of the discussions in agenda item 7(b);
- (c) In the case of the requests for additional project preparation funds for Indonesia:
  - (i) Consider not to approve the request for additional funds to prepare a service sector strategy;
  - (ii) Consider the request for the preparation of a sector plan in the refrigeration manufacturing sector in the light of the discussion in agenda item 7(b);
- (d) In the case of the requests for the project preparation for India, consider:
  - (i) Approving US \$173,750 for the overarching HPMP for India;
  - (ii) Deciding on the requests for project preparation for the different sector plans pending discussion of Agenda item 7(b) in line with paragraph 42 above;
- (e) In the case of the requests for the project preparation for the Islamic Republic of Iran, consider:
  - (i) Approving US \$173,750 for the overarching HPMP for the Islamic Republic of Iran;
  - (ii) Deciding on the requests for project preparation for the different sector plans pending discussion of Agenda item 7(b);
- (f) Consider approving the funding requested for two global technical assistance projects to enable case studies to validate technologies in the foam sector pursuant to decision 55/43(e) and (f);
- (g) Consider approving of the request for preparation of an MDI transition strategy in Ghana at the funding level of US \$30,000. 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 in the MDI sector in Ghana will be available; and

- (h) Consider approving of the request for preparation of an MDI transition strategy in Nicaragua at the funding level of US \$30,000. 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 in the MDI sector in Nicaragua will be available.

**(ii) UNEP**

Document UNEP/OzL.Pro/ExCom/56/16 contains forty-nine activities submitted by UNEP, including renewals for institutional strengthening projects, requests for the preparation of HCFC phase-out management plans, HPMP non-investment project preparation, implementation of MDI transition strategies and individual, global and regional projects. The activities recommended for blanket approval are being considered under agenda item 7(a). Thirteen activities associated with phase-out plans are discussed in the relevant country project document. Five other projects are considered for individual consideration. The global CAP budget is presented in Agenda Item 7(f).

Issues to be addressed:

- Renewal of the IS project for Tuvalu, where as of writing this document, the country has not submitted its 2007 report on country programme implementation, a prerequisite for IS projects to be recommended for blanket approval, as per decision 52/5(f). While Tuvalu has indicated that it has already established ODS legislation, it has not confirmed whether it has a full time ODS Officer;
- Request for IS start-up funds for Timor Leste, that has not yet ratified the Montreal Protocol;
- Request for project preparation of the non-investment component of the HPMP for India and the Islamic Republic of Iran as part of an HPMP project preparation package proposal submitted through the lead agency, UNDP;
- Request for funds to implement awareness activities in China as part of their HPMP preparation, on the condition that China agrees that the funds requested, if approved, will be deducted from UNEP's component of the overall HPMP implementation funds when submitted;
- Request for the establishment of a network for Pacific island countries (PIC) and its corresponding regional network coordinator with funds allocated from the CAP budget; and
- Request for a one-time approval of Compliance Contingency budget in addition to UNEP's CAP budget.

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

- (a) In the case of Tuvalu, approving the IS renewal for Phase II, year 2 at the level of funding indicated in Table 1 of document UNEP/OzL.Pro/ExCom/56/16 on the condition that no disbursement may occur until the country confirms in a communication to the Fund Secretariat that there is a full time ODS officer as part of the National Ozone Unit and that outstanding country programme data for 2006 and 2007 be submitted as soon as possible. The Committee may wish to express to the Government of Tuvalu the comments which appear in Annex II to document



UNEP/OzL.Pro/ExCom/56/16;

- (b) In the case of the proposal for start-up funds for Timor Leste, the approval of IS start up funds for Timor-Leste at the level of US \$40,000, on the condition that no funding will be disbursed until instruments of ratification for the Montreal Protocol are received at the UN depository.
- (c) In the case of the request for project preparation for the non-investment component of the HPMP for India and the Islamic Republic of Iran as part of an HPMP project preparation package, not to approve the funding non investment activities as these are already embodied in the HPMP funding for the country at US \$195,000 being requested by UNDP as lead agency and consider these in the light of agenda item 7(b);
- (d) In the case of the proposal for the implementation of awareness activities in China as part of the preparation of the HPMP, approving this request for China at the level of US\$140,000, on the condition that China provides a written agreement that these funds will be deducted from the final programme on communication and awareness that will be submitted by UNEP as part of the full HPMP submission;
- (e) In the case of the proposal to establish a regional network of Ozone Officers for the PIC countries and the regional PIC coordinator, not to approve the request for establishing a separate network for PIC countries; maintaining an allocation for the PIC countries within the CAP to allow their participation in network meetings in the Asia and the Pacific region; reviewing the current proposal for a PIC regional coordinator in light of the above; and noting the above when approving the UNEP CAP budget; and
- (f) In the case of the request for a one time compliance contingency budget for CAP, not to approve the US\$200,000 as requested, but ask UNEP to include such activities within the CAP budget using the flexibility under decision 47/24 for prioritization of funding between CAP budget lines so as to accommodate changing priorities.

**(iii) UNIDO**

Document UNEP/OzL.Pro/ExCom/56/17 contains eight activities submitted for funding by UNIDO including renewals of institutional strengthening projects, requests for HPMP project preparation and requests for project preparation for demonstration projects. The activities recommended for blanket approval are being considered under agenda item 7(a). Five activities are recommended for individual consideration.

Issues to be addressed:

- Requests for project preparation for two HCFC demonstration projects for China in the light of decision 55/14, which approved US \$4.1 million as a package for the preparation of an HPMP for China on the condition that no further funding will be approved for the country for HPMP project preparation for Stage 1;
- Request for a project preparation for a demonstration project in Jordan for the conversion of HCFC to non-HCFC technology in the manufacture of

mini-split air conditioning units in the light of decisions 55/13(d) and 55/43(f);

- Request for a project preparation for a demonstration project in Saudi Arabia for the phase out of HCFC-141b in the manufacture of sandwich panels in the light of decisions 55/13(d) and 55/43(e);
- Request for funds to prepare a sector plan to phase out HCFCs in the transport refrigeration and the air conditioning sub-sector strategy for India as part of a package proposal for the HPMP preparation requested for India submitted by UNDP as lead agency, in the light of decision 55/13(d); and
- Request for funds to prepare an overarching HPMP strategy for the Islamic Republic of Iran as well as five sector plans, as part of a package proposal for India submitted by UNDP as lead agency, in the light of decision 55/13(d).

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

- (a) Consider not to approve the requests for project preparation for demonstration projects for China, and to urge UNIDO and China to submit full demonstration projects for consideration of the Committee in line with decisions 55/43(e) and (f) not later than the 59<sup>th</sup> Meeting, without requesting additional project preparation funds;
- (b) Consider the request for project preparation for demonstration projects in Jordan and Saudi Arabia in the light of discussions of decision 55/13(d) and 55/43(e) and (f);
- (c) Consider the request for project preparation for a sector plan to phase out HCFCs in the transport refrigeration and the air conditioning sub-sector strategy for India in the context of its HPMP preparation, in the light of discussions of decision 55/13(d); and
- (d) Consider the request for project preparation for a sector plan to phase out HCFCs in the compressor manufacturing and the residential air conditioning sectors sub-sector strategy for the Islamic Republic of Iran in the context of its HPMP preparation, in the light of discussions of decision 55/13(d).

**(iv) World Bank**

Document UNEP/OzL.Pro/ExCom/56/18 contains two activities submitted for funding by the World Bank including one request for the renewal of the institutional strengthening project for Ecuador, and a request for the preparation of a sector plan for the foam sector in the context of the HPMP preparation for Indonesia.

Issues to be addressed:

- Request for the renewal of the IS project of Ecuador in the light of its potential non-compliance with the methyl bromide control measures of the Montreal Protocol without prejudice to the non-compliance procedure; and
- Request for additional project preparation funds for the preparation of a sector plan for the foam sector in the context of its HPMP preparation, in line with decision 55/13(d).

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

- (a) Approving the request for the institutional strengthening project of Ecuador for one year only without prejudice to the non-compliance mechanism of the Montreal Protocol; and
- (b) Review the request for project preparation for the foam sector for Indonesia in the context of its HPMP, in the light of the discussions on agenda item 7(b).

(e) **Administrative costs**

(i) **Report on key issues from the assessment of the administrative costs required for the 2009-2011 triennium (decision 55/4)**

Document UNEP/OzL.Pro/ExCom/56/19 considers the key issues arising from the PWC administrative cost study in the light of the submission for core unit costs and other information on administrative costs. It also includes information discussed at the inter-agency coordination meeting held on 2 October 2008.

Issues to be addressed:

- Standard definition of administrative costs;
- Performance of the existing regime with regard to achieving an administrative cost rate of 13%;
- Monitoring the differences between administrative costs income and costs incurred;
- Information needs to assess UNIDO's requests for administrative costs in the absence of actual data from a separate Trust Fund; and
- Possible future administrative costs for leveraging Fund resources.

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

- (a) Note the Report on key issues from the assessment of the administrative costs required for the 2009-2011 triennium (decision 55/44) as contained in document UNEP/OzL.Pro/ExCom/56/19;
- (b) Maintain the existing administrative cost regimes for the bilateral and implementing agencies for the 2009-2011 triennium;
- (c) Request implementing agencies to provide sufficient actual data in order to monitor the differences between administrative cost income and costs incurred; and
- (d) Request UNIDO to provide the assumption for its administrative costs model, and administrative cost information in future requests for core unit funding, that distinguish project-related activities from administrative costs, distinguish those costs provided as a subsidy by the Organization from those required for Fund operations, and provide sufficient data to enable tracking of any running balances of net administrative cost revenue or costs.

(ii) **2009 core unit costs for UNDP, UNIDO and the World Bank**

Document UNEP/OzL.Pro/ExCom/56/20 contains information on actual administrative costs for 2006 and 2007, estimated costs for 2008, and their associated approved budgets. It also contains requests for proposed 2009 core unit costs.

Issues to be addressed:

- Approval of requests for 3 per cent increases in core unit budgets in light of the information provided in the document on administrative costs incurred in previous years and the availability of surplus income from administrative cost resources previously approved.

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

- (a) The report on 2008 core unit costs for UNDP, UNIDO and the World Bank as presented in UNEP/OzL.Pro/ExCom/56/20; and
- (b) The requests for core unit funding US \$1,857,636 for core unit funding for 2008 for UNDP, US \$1,857,636 for UNIDO, and US \$1,663,347 for the World Bank in accordance with decision 46/35 in the light of the above and the Report on key issues from the assessment of the administrative costs required for the 2009-2011 triennium (decision 55/44) (UNEP/OzL.Pro/ExCom/56/19).

(f) **Compliance Assistance Programme (CAP) budget for 2009**

Document UNEP/OzL.Pro/ExCom/56/21 contains UNEPs global CAP budget for 2009 valued at US \$8,490,000 plus agency support costs of 8 per cent amounting to US \$679,200. This submission represents a 3 per cent increase in the 2009 CAP budget as compared to that approved for 2008 in line with decision 47/24.

Issues to be addressed: While the budget submitted is in line with decisions of the Executive Committee, there are a number of changes in the programmatic approach of the CAP that the Committee might wish to review.

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

- (a) To approve the CAP budget for 2009 in the amount of US \$8,490,000 plus agency support costs of 8 per cent amounting to US \$679,200, and agree to the changes proposed by UNEP in its budget proposal;
- (b) To request UNEP, in future submissions on the CAP budget to:
  - (i) Continue to provide detailed information on the activities for which the global funds will be used;
  - (ii) Continue to extend the prioritisation of funding between CAP budget lines so as to accommodate changing priorities; and provide details on the reallocations made for its budget following decisions 47/24 and 50/26;

(iii) Continue to report on the current post levels of staff and to inform the Executive Committee of any changes therein particularly in respect of an increased budget allocations; and

(c) To note the decision on assessment of administrative costs and apply this to the UNEP CAP budget accordingly.

**(g) Investment projects**

Documents UNEP/OzL.Pro/ExCom/56/12 and Add.1 contains in Annex II a list of 20 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 20 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
<b>Aerosol (MDIs)</b>			
Argentina	Phase-out of CFC consumption in the manufacture of aerosol MDIs	World Bank	Cost under discussion
China	Sector plan for phase-out of CFCs consumption in MDI sector	UNIDO	Disagreement on cost but project needed to complete CFC phase-out
Colombia	Phase-out of CFC in the manufacturing of MDIs	UNDP	All policy and cost issues agreed. No CFC eligible consumption quota reserved for MDI
India	National strategy for transition to non-CFC MDIs and plan for phase-out of CFCs in the manufacture of pharmaceutical MDIs	Italy, UNDP, UNEP	All policy and cost issues agreed. No CFC eligible consumption quota reserved for MDI
Indonesia	Technical assistance to implement national transition strategy to CFC-free MDI	World Bank	All policy and cost issues agreed
Pakistan	Plan for phase-out of CFCs in the manufacture of pharmaceutical MDIs	UNDP, UNEP	No CFC eligible consumption quota reserved for MDI. Eligibility of one enterprise
<b>Foams with HCFC</b>			
Brazil	Pilot project for validation of methyl formate as a blowing agent in the manufacture of polyurethane foam (phase I)	UNDP	Validation of a technology for HCFC phase-out
Mexico	Pilot project for validation of methyl formate in polyurethane shoesole applications (phase I)	UNDP	Validation of a technology for HCFC phase-out

Country	Project	Agency	Issue
<b>Foam</b>			
China	Sector plan for phase-out of CFC-11 in the foam sector	World Bank	Plan for using funding beyond 2010
<b>Halon</b>			
China	Halon production/consumption sector agreement	World Bank	Plan for using funding beyond 2010
<b>Methyl bromide</b>			
Egypt	National phase-out of methyl bromide in horticulture and commodities fumigation except in date use	UNIDO	All policy and cost issues agreed. Final phase-out plan. MB projects not authorized for blanket approval
Morocco	Phase-out of methyl bromide - terminal project (first tranche)	Italy, UNIDO	All policy and cost issues agreed. Final phase-out plan. MB projects not authorized for blanket approval
Thailand	National methyl bromide phase-out plan (third tranche)	World Bank	To be deferred due to low level of disbursement of previous tranches
Yemen	Terminal phase-out of methyl bromide in soil fumigation (first tranche)	Germany	All policy and cost issues agreed. Final phase-out plan. MB projects not authorized for blanket approval
Zambia	Technical assistance for the total phase-out of methyl bromide in tobacco, cut flowers, horticulture and post harvest uses	UNIDO	All policy and cost issues agreed. Final phase-out plan. MB projects not authorized for blanket approval
<b>Multi-year Agreements</b>			
Ecuador	National CFC phase-out plan: 2008 annual programme	World Bank	Information from the World Bank presently outstanding
<b>Process agent</b>			
China	Phase-out the production and consumption of CTC for process agent and other non-identified uses (phase I): 2009 annual programme	IBRD	No issue on annual programme. Delayed disbursement until 57 <sup>th</sup> Meeting when verification is ready
China	Phase-out the production and consumption of CTC for process agent and other non-identified uses (phase II): 2009 annual programme	IBRD	No issue on annual programme. Delayed disbursement until 58 <sup>th</sup> Meeting when verification is ready.
<b>Production</b>			
China	CFC production sector agreement	World Bank	Permissibility to spend fund balance beyond 2010
India	Accelerated CFC production phase out	World Bank	Approval needed for draft agreement for accelerated CFC production phase out

Action expected from the Executive Committee: the Committee may wish to consider whether to approve each of the 20 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. HCFC

### (a) Further elaboration and analysis of issues pertaining to the phase-out of HCFC production sector (decisions 53/37(g) and 55/42)

UNEP/OzL.Pro/ExCom/56/57 contains two parts. Part I is an excerpt from the Report of the Fifty-fifth Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/55/53) on agenda item 9(a) concerning the HCFC production sector. Part II contains a re-print of the document prepared by the Fund Secretariat "Further Elaboration and Analysis of Issues Pertaining to the Phase-out of the HCFC Production Sector (decision 53/37(g))" (UNEP/OzL.Pro/ExCom/55/45) which was submitted to the 55<sup>th</sup> Meeting of the Executive Committee.

Issues to be addressed: Continuation of discussion on policy issues related to HCFC production.

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;
  - (ii) Swing plants; and
- (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.

**(b) Issues related to relevant cost consideration surrounding the financing of HCFC phase-out (decision 55/43(g))**

UNEP/OzL.Pro/ExCom/56/58 contains information gathered by the Secretariat to assist the Committee when resuming its deliberations on policy relating to second-stage conversions and determination of the cut-off date for installation of HCFC-based manufacturing equipment.

Issues to be addressed: The Executive Committee has left open the policy issues related to second-stage conversion and determination of the cut-off date for installation of HCFC-based manufacturing equipment, and deferred them to a future meeting. The Secretariat had advised on the benefits of completing the discussions by the 57<sup>th</sup> Meeting at the latest.

Action expected from the Executive Committee: The Committee may consider whether to continue its deliberations on the issue of second conversions and cut-off dates at this or the 57<sup>th</sup> Meeting, in light of the mandate provided by the Nineteenth Meeting of the Parties, and the information provided in document UNEP/OzL.Pro/ExCom/56/58 and its annexes.

**9. Accounts of the Multilateral Fund**

**(a) 2007 financial statements**

Document UNEP/OzL.Pro/ExCom/56/59 presents the audited 2007 financial statement of the Fund and provides the differences between the implementing agencies' provisional and final 2007 accounts with respect to their income and expenditures.

Issues to be addressed: Long outstanding Parties' contributions as requested by the Auditors.

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

- (a) Note the audited financial statement of the Fund as at 31 December 2007;
- (b) Note the Auditors' request that the attention of the Meeting of Parties to the Fund should once again be drawn to the need to have the long-outstanding contributions paid or written off; and
- (c) Request the Treasurer to record in the 2008 accounts differences between the agencies' provisional and their final 2007 accounts as reflected in tables 1 and 2 of this document.

**(b) Reconciliation of the 2006 and 2007 accounts**

Document UNEP/OzL.Pro/ExCom/56/60 consists of four sections: Section I, Background; Section II, Reconciliation of the income as recorded in the 2007 Accounts with the Implementing Agencies' Progress Report Financial Data and the Fund Secretariat's Inventory of Approved Projects; Section III, Expenditures reported in the Accounts and in the Progress Report; and Section IV, Recommendations.

Issues to be addressed: None



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

- (a) Note the reconciliation of 2007 accounts as presented in UNEP/OzL.Pro/ExCom/56/60;
- (b) Note that that further update is required on the 2006 standing reconciling item from UNEP and the World Bank on:
  - (i) US \$105,494 which is pending an itemised list of projects with the PSC rates associated to each project for the adjustment to be carried out in the accounts of UNEP as Treasurer;
  - (ii) US \$303 excess on the World Bank's income for the Treasurer to offset this amount from future transfers;
- (c) Note that the 2007 reconciliation of the accounts exercise is pending further explanation from the World Bank on the shortfall of US \$2,686,741 in its income and US \$45,161 surplus from UNEP in its income;
- (d) Request UNEP and the World Bank to report on these two amounts to the next meeting if no up-date is provided at the 56<sup>th</sup> Meeting;
- (e) Note that UNEP is still investigating an entry of US \$93,622 in its 2007 final expenditures to explain the difference between the expenditures in its progress reports and in its provisional statement, and will report on this item in the 2008 reconciliation of the accounts exercise;
- (f) Request the Treasurer and the agencies to make the adjustment required in the 2008 accounts as a result of the 2007 reconciliation exercise as follows:
  - (i) Request UNDP to adjust its 2007 expenditures by US \$6,445 in 2008;
  - (ii) Request the Treasurer to record in 2008 the 2007 income of US \$1,320,670 for UNDP, US \$187,233 for UNEP, US \$633,576 for UNIDO and US \$1,838,022 for the World Bank in 2008; and
  - (iii) Request the Treasurer to record in 2008 the 2007 expenditures US \$299,485 for UNDP.

**10. Revised 2009, 2010 and proposed 2011 budgets of the Fund Secretariat**

UNEP/OzL.Pro/ExCom/56/61 presents a revision of the 2009 budget as well as the budget for 2010 as approved at the 54<sup>th</sup> Meeting of the Committee, and proposes the 2011 budget to cover staff costs in 2011.

Issues to be addressed: Approval of non-recurring amounts due to having held the 55<sup>th</sup> Meeting in Bangkok back-to-back with the 28<sup>th</sup> OEWG meeting, and to cover the eventuality that the 58<sup>th</sup> Meeting of the Committee in July 2009 might be held back-to-back with the 29<sup>th</sup> OEWG meeting scheduled to take place in Geneva.

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

- (a) Approve the amount of US \$2,714,587 in the revised 2009 budget of the Fund Secretariat to cover the operational costs of the Secretariat, so resulting in a total of US \$6,135,678 with the inclusion of the 2009 salary component already approved at the 54<sup>th</sup> Meeting of the Executive Committee;
- (b) Note the amount of US \$3,592,146 for the salary component in 2010 already approved at the 54<sup>th</sup> Meeting;
- (c) Approve the proposed 2011 salary component of the budget totalling US \$3,771,753; and
- (d) Approve a non-recurring amount of US \$220,000 to cover the staff travel cost (US \$100,000) and conference service costs (US \$120,000) for the 58<sup>th</sup> Meeting to take place in July 2009 in Geneva and another US \$120,000 to cover the overrun on conference services costs under the Executive Committee Meeting line for having held the 55<sup>th</sup> Meeting of the Executive Committee in Bangkok back-to-back with the Open-ended Working Group of the Montreal Protocol in July 2008.

**11. Study on financing the destruction of unwanted ODS**

UNEP/OzL.Pro/ExCom/56/62 provides a summary of the decisions taken by the Committee on the agenda item and also includes the Elements of Terms of Reference for a Study on financing the Destruction of Unwanted ODSs, to be undertaken by the World Bank.

Issues to be addressed: Approval of funds at the last meeting did not allow sufficient time to the World Bank to commission and complete the study.

Action expected from the Executive Committee: The Executive Committee might wish to commence its consideration of the subject in light of the presentation to be provided by the World Bank at the 56<sup>th</sup> Meeting.

**12. Draft report of the Executive Committee to the Twentieth Meeting of the Parties to the Montreal Protocol**

UNEP/OzL.Pro/ExCom/56/63 contains the draft report of the Executive Committee to the next Meeting of the Parties, document that summarizes the most important decisions taken by the Committee at its 53<sup>rd</sup>, 54<sup>th</sup> and 55<sup>th</sup> Meetings.

Issues to be addressed: Since the reporting period also includes the 56<sup>th</sup> Meeting, the report will need to be updated immediately after the Report of the 56<sup>th</sup> Meeting of the Executive Committee is finalized.

Action expected from the Executive Committee: after considering the draft report, the Executive Committee may wish to authorize the Secretariat to finalize the report in the light of the discussions held and decisions taken at the 56<sup>th</sup> Meeting of the Executive Committee, as well as any comments made on this item by Executive Committee members.

**13. Other matters**

Any issues that could be raised during the meeting.