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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-ninth Meeting
Port Ghalib, Egypt, 10-14 November 2009

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

Documents UNEP/OzL.Pro/ExCom/59/1 and Add.1 contain the provisional agenda for the 59th Meeting of the Executive Committee.

Issues to be addressed: None.

Action expected from the Executive Committee: The Executive Committee might wish to adopt the agenda of the meeting on the basis of the provisional agenda contained in documents UNEP/OzL.Pro/ExCom/59/1 and Add.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/59/2 presents a report on the activities of the Secretariat since the 58th Meeting of the Executive Committee. The document includes information on the follow-up activities implemented by the Secretariat on the outcome of the 58th Meeting, the preparations for the 59th Meeting, information on the missions undertaken by the Chief Officer and the staff of the Secretariat during this reporting period, as well as on a communication received from UNEP's Executive Director regarding the second session of the International Conference on Chemicals Management (SAICM).

Action expected from the Executive Committee: The Executive Committee may wish to take note of the report on the Secretariat Activities (document UNEP/OzL.Pro/ExCom/59/2) and provide guidance on the response to UNEP's Executive Director with regard to SAICM.

4. Status of contributions and disbursements

Document UNEP/OzL.Pro/ExCom/59/3 provides information on the Status of the Fund as recorded at UNEP as of 6 October 2009. At that date, the fund balance stood at US \$91,402,728. This is the net balance after taking into account all the funds approved by the Executive Committee, up to and including the 58th 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/59/3;
- (b) Note the list of Parties that have opted to use the FERM in making their contributions to the Fund during the replenishment period 2009-2011; and
- (c) Urge all Parties to pay their contributions to the Multilateral Fund in full and as early as possible.

5. Status of resources and planning:

(a) Report on balances and availability of resources

Document UNEP/OzL.Pro/ExCom/59/4 presents a summary of the financial adjustments indicated by the bilateral and implementing agencies and agreed by the Fund Secretariat. The document includes statistical data from projects with balances that have been held for over the allowable 12-month period following completion of the project and indicates the level of resources available to the 59th Meeting of the Executive Committee.

Issues to be addressed: None

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

- (a) The report on balances and availability of resources contained in document UNEP/OzL.Pro/ExCom/59/4;
- (b) The net level of funds being returned by the implementing agencies to the 59th Meeting is amounting to US \$874,815 against projects. This includes the return of US \$347,295 from UNDP, US \$222,248 from UNEP, and US \$155,272 from UNIDO and a transfer of US \$150,000 from the World Bank;
- (c) The net level of support costs being returned by the implementing agencies to the 59th Meeting is amounting to US \$441,446 against projects. This includes the return of US \$29,396 from UNDP, US \$26,227 from UNEP, US \$14,504 from UNIDO, and US \$371,319 from the World Bank from its 2008 core unit budget and the programme support cost return associated with the transfers of the HPMP preparation project in Ecuador;

- (d) The net level of funds and support costs of US \$201,706 being returned by the bilateral agencies to the 59th Meeting including US \$200,945 returned by France and US \$761 from Italy and to request the Treasurer to follow-up with France and Italy on the cash transfers of these amounts to be made by the Treasurer;
- (e) That implementing agencies had balances totalling US \$4,880,613 excluding support costs from projects completed over two years ago. This includes US \$530,378 from UNDP, US \$1,061,888 from UNEP, US \$874,893 from UNIDO, and US \$2,413,454 from the World Bank; and
- (f) That Australia had balances totalling US \$78,087, Finland US \$34,022 and France US \$87,848 including support costs.

(b) 2009 business plans and annual tranche submission delays

Document UNEP/OzL.Pro/ExCom/59/5 and Add.1 considers business planning in light of approvals at the 57th and 58th Meetings, submissions to the 59th Meeting, and allocations in the 2009 business plans. It presents the value of activities that were not submitted this year but were included in the 2009 business plans and identifies projects required for compliance. It assesses the forward commitments approved to date as well as those submitted for approval to the 59th Meeting, and concludes with observations and recommendations. This document also includes information on submission delays, namely the submission of tranches that were due at the 59th Meeting, tranches not submitted after discussion with the Secretariat, and presents recommendations for consideration by the Executive Committee.

Issues to be addressed

- Out of US \$58,585,087 submitted to the 59th Meeting, agencies submitted projects valued at over US \$15,971,661 more than the total amount included in the 2009 business plans for these projects (including addition values for investment projects US \$6.9 million for HCFCs, US \$2.2 million for national phase-out plans, US \$1.4 million for technical assistance projects, US \$1.1 million for HCFC preparation activities and US \$426,925 for institutional strengthening projects);
- US \$17.9 million for activities critical to compliance will need to be reprogrammed for 2010; and
- Twenty-six annual tranches due to the 59th Meeting were not submitted, 16 of these have not been submitted to at least two consecutive meetings. An additional 12 annual tranches were submitted but have been withdrawn due to slow disbursement and implementation or the lack of verification reports.

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

- (a) Noting:
 - (i) The Report on the status of the 2009 business plans as contained in UNEP/OzL.Pro/ExCom/59/5 and the fact that US \$17.85 million in activities that were required for compliance had not been submitted to the 59th Meeting, and that the value of forward commitments approved at the 59th Meeting [exceeds/is below] the value in the 2009-2011 business plan of the Multilateral Fund by US \$XXX [to be provided based on actual approvals];

- (ii) With appreciation, the information on annual tranches of multi-year agreements submitted to the Secretariat by Canada, France, UNDP, UNIDO, and the World Bank as contained in the document (UNEP/OzL.Pro/ExCom/59/5);
 - (iii) That 44 of the 70 annual tranches of multi-year agreements due for submission had been submitted on time to the 59th Meeting, but the remaining 26 have not been;
 - (iv) That letters should be sent for the annual tranches, indicated in Table 6 of the present document, that had been 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 action to expedite the implementation of the approved tranches so that the overdue tranches could be submitted to the 60th Meeting;
 - (v) That letters should be sent for the annual tranches, indicated in Table 7 of the present document, that had been due for submission to the 59th 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 60th Meeting;
 - (vi) That the level of annual tranches submitted for approval to the 59th Meeting amounted to US \$XXX and, as a result, the total level of commitments for the period 2010 to 2014 would amount to US \$XXX million [to be updated];
- (b) Encouraging the Governments of Burundi, the Central African Republic, Congo, Guinea, Guinea-Bissau, and Tunisia (if applicable) to expedite completion of the existing tranche and of Kyrgyzstan to complete the verification report necessary to enable the next tranche of these agreements to be submitted as soon as possible; and
- (c) Requesting:
- (i) The Chairman of the Executive Committee to write to the Ministry of the Environment of Antigua and Barbuda requesting the expedited implementation of the CFC phase-out plan in the light of the 1 January 2010 phase-out of CFCs; and
 - (ii) UNEP to provide reasons for delayed tranche submissions during the 59th Meeting.
- (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/59/6 contains six parts: Part I provides an update of the status of compliance of Article 5 countries that are subject to the Montreal Protocol's control measures that includes a new section on HCFCs. 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 addresses projects with implementation delays and projects for which special status reports had been requested. Part V covers issues related to the 2008 progress report submissions. Part VI addresses web-based country programme data reporting and country profiles.

Issues to be addressed

- Although there remain 92 countries with allowable CFC consumption up to 2008, most countries have reported zero consumption for halon, methyl bromide, CTC and TCA;
- All countries have received funding for HPMP preparation or have had requests submitted to the 59th Meeting except Botswana, Somalia and Timor-Leste;
- For Article 5 countries subject to compliance decisions—information has not been received on 19 of the 66 issues before the Implementation Committee this year;
- On CP data—only four countries used the web-based reporting system;
- On implementation delays and status reports:
 - Report from UNEP on the completion of a global project;
 - Twenty-eight (28) projects are recommended for additional status reports and special recommendations have been formulated for such projects with ongoing difficulties;
- On the past due progress reports: Israel and Portugal have not submitted progress reports due at the 58th Meeting;
- On the review of web-based systems: the Secretariat plans to promote these systems and review their continued utility at the 62nd Meeting.

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 Australia, Canada, France, Germany, Italy, Japan, Sweden, and the four implementing agencies addressed in UNEP/OzL.Pro/ExCom/59/6;
- (ii) That the requests for projects submitted to the 59th Meeting by Cook Islands, Democratic People's Republic of Korea, Marshall Islands, Qatar, Somalia and Vanuatu are subjected to the receipt of the 2008 CP data in accordance with decision 52/5 on receipt of CP data as a precondition for the approval and release of funding for projects;
- (iii) The completion of four of the 35 projects listed with implementation delays;
- (iv) 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;

(b) Requesting:

- (i) Additional status reports on the projects listed in Annex VI to the present document;
- (ii) An update of the delay report required for the following project during the 59th Meeting:

Agency	Code	Project Title
UNEP	GLO/ARS/39/TAS/246	Development of guidelines to promote safety in aerosol conversions

- (iii) The Chairman to write to the Minister of the Environment of Barbados requesting the expedited gazetting of the licensing system to enable the implementation of ongoing projects for the Implementation of the RMP under UNDP and UNEP implementation (BAR/REF/43/TAS/10, 11, and 12) in the light of the impending 1 January 2010 phase-out of most ODS;
 - (iv) The Governments of Israel and Portugal to provide their progress reports to the 60th Meeting of the Executive Committee;
 - (v) The Secretariat to provide the 62nd Meeting information on the use of the web-based country programme data and country profiles systems to enable a review of their continued utility;
- (c) Encouraging:
- (i) Implementing agencies and the following governments to submit requests for HPMP preparation as soon as possible to facilitate the country's efforts to meet the 2013 freeze and 2015 reductions in HCFC consumption: (Botswana, Somalia and Timor-Leste);
 - (ii) The Government of Ethiopia to complete ODS regulations in order to complete the implementation of the country's RMP under French implementation (ETH/REF/44/TAS/14);
 - (iii) The Government of Ethiopia to implement a ban on the import of virgin halon to ensure compliance with the 1 January 2010 ban on the import and export of halons to Article 5 in the light of the impending completion of the halon bank for Eastern and Southern African countries (including Ethiopia) under German implementation (AFR/HAL/35/TAS/29);
 - (iv) The expedited completion of the licensing system in Eritrea in order to enable TPMP under UNIDO implementation (ERI/PHA/54/INV/05) to begin implementation;
- (d) Noting:
- (i) That the recovery and recycling project in Morocco (MOR/REF/23/TAS/17) under French implementation had been reassessed and the planned completion date is 31 April 2010;
 - (ii) The intention of the Government of Sri Lanka to use the balance of funds for its incentive programme under Japanese implementation (SRL/PHA/43/TAS/26) for milk chilling tank retrofits and to complete the project by 31 December 2010;
 - (iii) That UNEP has sent a draft Memorandum of Understanding to the World Food Programme for their final clearance to dislodge the disbursement of funds issue in the country for the institutional strengthening project under UNEP implementation (DRK/SEV/53/INS/49);
 - (iv) That UNIDO plans to submit a business plan to the 60th Meeting to enable the halon banking project in Libya (LIB/HAL/47/TAS/26) to begin implementation;
- (e) Considering if project preparation funds approved at the 55th Meeting for the preparation of HCFC production projects in China under World Bank implementation

(CPR/PHA/55/PRP/467) could be used to assist China in submitting preliminary data on the production sector in order to request the Secretariat to undertake a technical audit; and

- (f) Urging Bosnia and Herzegovina to expedite the value added tax exemption to expedite the bidding and the delivery of the equipment for the halon banking project under UNIDO implementation (BHE/HAL/42/TAS/18) in the light of the impending 1 January 2010 phase-out of halons.
- (d) Updated model rolling three-year phase-out plan: 2010-2012 (follow-up to decision 56/5(d))**

Document UNEP/OzL.Pro/ExCom/59/7 contains the model rolling three-year phase-out plan for the Multilateral Fund for the years 2010-2012. The paper includes an analysis of the amounts of ODS that need to be approved for funding to enable all Article 5 countries to achieve compliance with the Montreal Protocol phase-out targets, and indicates the ODS to be phased out in approved projects during 2010-2012. The paper also addresses the request of the Committee to prepare a strategic analysis on how to equitably allocate in the agencies' 2010 and 2011 business plans funds for all eligible Article 5 countries to enable them to comply with the HCFC 2013 freeze and the 2015 10 per cent reduction, within the limits of available resources (decision 57/6(e)).

Issues to be addressed

- The level of effort still required by both the Article 5 countries concerned and the bilateral and implementing agencies to implement and meet the already funded reductions in ODS consumption and production (about 19,780 ODP tonnes of ODS consumption have yet to be phased out in approved individual or umbrella projects);
- The number of multi-year phase-out plans to address ODS consumption and production excluding HCFCs still under implementation (i.e., three RMPs for LVC countries, 98 TPMPs for LVC countries, 41 phase-out plans for non-LVC countries; and 12 phase-out plans in the production sector);
- The level of effort that would be required by both Article 5 countries and the bilateral and implementing agencies to meet the 2013 and 2015 HCFC phase-out targets, noting that HCFC consumption in Article 5 countries increased from 11,263 ODP tonnes in 2000 to 29,086 ODP tonnes in 2008, while HCFC production increased from 6,987 ODP tonnes to 29,536 over the same period.

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

- (a) Consider adopting the 2010-2012 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 2010-2012 triennium;
- (c) Urge bilateral and implementing agencies to work with those countries that have been identified as being in need of immediate assistance to meet the 2010 Montreal Protocol phase-out targets, and include activities in their 2010-2012 business plans as appropriate;

- (d) Request the Secretariat to present an updated model three-year rolling phase-out plan for the years 2011-2013 to the last meeting in 2010 to provide guidance, as relevant, for the preparation of the 2011-2013 business plan of the Multilateral Fund; and
- (e) Note that:
 - (i) Some 17,704 ODP tonnes of ODS consumption and 6,018 ODP tonnes of ODS production have yet to be phased out in approved multi-year sectoral and national phase out plans during the remainder of 2009 and in the 2010-2012 triennium;
 - (ii) Some 19,780 ODP tonnes of ODS consumption have yet to be phased out in approved individual or umbrella projects (on the basis of the progress report submitted by bilateral and implementing agencies to the 58th Meeting of the Executive Committee);
 - (iii) Three RMP projects for LVC countries approved in accordance with decision 31/48 (e.g., to achieve the 2005 and 2007 CFC phase-out targets on time); 98 TPMPs for LVC countries ; 41 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.

6. Programme implementation:

(a) Monitoring and evaluation

(i) 2009 consolidated project completion report

Documents UNEP/OzL.Pro/ExCom/59/8 and Add.1 provide the Executive Committee with an overview of the results reported in the project completion reports (PCR) received since the 56th Meeting in November 2008 pursuant 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 2010; and
- Consistency of data reported in PCRs.

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 contained in Annex II of document UNEP/OzL.Pro/ExCom/59/8;
- (b) Requesting implementing agencies and bilateral agencies concerned:
 - (i) To establish by the end of January 2010, 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 2010, the information still missing in a number of PCRs;
 - (iii) To clear by the end of January 2010 the backlog of PCRs on projects completed before the end of 2006;
 - (c) Requesting that the Senior Monitoring and Evaluation Officer, when recruited, to address the issue of development of a completion report format for completed MYA projects as a matter of priority;
 - (d) 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.
- (ii) Report on the development of multi-year agreements tables**

Document UNEP/OzL.Pro/ExCom/59/9: Based on the decisions 50/9, 51/13 and 53/8, the Senior Monitoring and Evaluation Officer started to develop reporting formats for Multi-Year Agreement tables in close co-operation with senior officers in the Secretariat. These have been transferred to an internet-based system for online data entry. When the former Senior Monitoring and Evaluation Officer left his post, a senior officer from the Secretariat took over the related tasks and continued the development. The current on-line data base is used for all submissions of Multi-Year Agreement projects.

Issues to be addressed: None

Action expected from the Executive Committee: The Executive Committee may wish to consider whether to transfer the existing concept to the annual reporting on HPMPs and adapt it accordingly, and whether to agree on a budget for this task of US \$ 60,000 for the purchase of hard- and software and programming of the data base.

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

Document UNEP/OzL.Pro/ExCom/59/10 consists of progress reports on the implementation of projects for China (3), Colombia (1), India (1), the Libyan Arab Jamahiriya (1), Romania (1), the Bolivarian Republic of Venezuela (1) and Yemen (1). It also contains progress reports on chiller projects for Brazil, Colombia, Cuba, Syrian Arab Republic, the global chiller replacement project and for the following regions: Africa, Europe, and Latin America and the Caribbean.

Issues to be addressed

- China CFC production sector plan: The financial audit indicated the allocation of funds to-date for the project including allocations for special initiatives such as the activities associated with and construction of HFC-134a plant (US \$25.4 million) and the China Country Compliance Centre (US \$20 million) and the possible allocation of remaining funds (US \$4 million) for new non-ODS production facilities;
- Libyan Arab Jamahiriya (the) methyl bromide: Request by the Government to extend the date for the complete phase-out of MB from 2010 to 2012, without any further request for funding from the Multilateral Fund.

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

- (a) **China – Sector plan for phase-out of CFC-11 in the China foam sector: financial audit report (World Bank):** Take note of the submission of the independent financial audit of the account for the foam sector plan, and approves the reporting format used for future reporting for the foam sector plan under decision 56/13;
- (b) **China – Halon production and consumption phase-out programme (World Bank):** Request that the Government of China and the World Bank report to the Fund Secretariat on the amount of halon 1301 emitted through tail gas emissions resulting from production of Friponil without incineration systems, for inclusion in the report on approved projects with special reporting requirements to be submitted to the 60th Meeting;
- (c) **China – Sector plan for CFC production phase-out: financial audit report (World Bank):** Note that the Government of China has agreed to provide information on the use of any remaining funds for new non-ODS production facilities to the Executive Committee for review in advance of the release of any funding for such activities.
- (d) **Colombia – National phase-out plan for Annex A (Group I and II) substances (UNDP):** Take note of the progress report on the implementation of the national CFC phase-out plan (NPP) for Colombia, covering the 2008-2009 period, and approve the annual implementation programme for 2010.
- (e) **India – CTC phase-out plan for the consumption and production sectors: additional verification for feedstock use (World Bank):** Take note of the verification report submitted by the World Bank pursuant to decision 58/35 regarding the CTC phase-out plan for the consumption and production sectors and also to note that the Secretariat has found the verification provided by the World Bank sufficient and that it had communicated to the World Bank that it could consequently commence disbursement of the funds approved at the 58th Meeting.
- (f) **Libyan Arab Jamahiriya (the) – Phase-out of MB in horticulture: tomatoes, cucumbers, peppers and others (UNIDO):** Consider approving the following revised methyl bromide phase-out schedule in its agreement with Libyan Arab Jamahiriya.
- (g) **Romania – Verification of CTC production (UNIDO):** Note that Romania has submitted verification showing its compliance with the Agreement between Romania and the Executive Committee for all years up to and including 2008.
- (h) **Venezuela (Bolivarian Republic of) – CFC production phase-out programme (World Bank):** Note the 2009 Annual Work Programme for the CFC production phase-out plan in the Bolivarian Republic of Venezuela.
- (i) **Yemen – Terminal phase-out of methyl bromide (Germany):** Take note of the progress report on the implementation of the terminal phase-out of methyl bromide for Yemen covering the 2009 period.

Chiller projects:

Brazil: Progress report on the demonstration project for integrated management of the centrifugal chiller sub-sector, focusing on application of energy-efficient CFC-free technologies for replacement of CFC-based chillers (UNDP)

Colombia: Progress report on the demonstration project for integrated management of the centrifugal chiller sub-sector, focusing on application of energy-efficient CFC-free technologies for replacement of CFC-based chillers (UNDP)

Cuba: Progress report on the demonstration project for integrated management of the centrifugal chiller sub-sector, focusing on application of energy-efficient CFC-free technologies for replacement of CFC-based chillers (UNDP and Canada)

Syrian Arab Republic: Progress report on the demonstration project on the replacement of CFC centrifugal chillers (UNIDO)

Global: Progress report on the global chiller replacement project (China, India, Indonesia, Jordan, Malaysia, Philippines, and Tunisia) (World Bank)

Region – Africa: Progress report on strategic demonstration project for accelerated conversion of CFC chillers in 6 African countries (Cameroon, Egypt, Namibia, Nigeria, Senegal and Sudan) (UNIDO, France, Germany, and Japan)

Region – Europe: Progress report on demonstration project on the replacement of CFC centrifugal chillers (Croatia, FYR Macedonia, Montenegro, Romania, and Serbia) (UNIDO)

Region – Latin America and the Caribbean: Demonstration project for integrated management of the centrifugal chiller sub-sector in the Caribbean, focusing on application of energy-efficient CFC-free technologies for replacement of CFC-based chillers (UNDP)

- (j) Note the progress report on progress made in all chiller projects provided in document UNEP/OzL.Pro/ExCom/59/10;
- (k) Commend UNDP and the World Bank for their successful and ongoing efforts to secure co-financing at levels significantly greater than the funding originally provided by the Multilateral Fund;
- (l) Commend all implementing and bilateral agencies involved for broadening the implementation activities beyond the issue of ozone protection and into climate change by addressing energy efficiency in their programmes, and using significant external funds for achieving both objectives in one activity; and
- (m) Request the Secretariat to provide another report on progress achieved in chiller projects to the 62nd Meeting.

7. Project proposals

(a) Overview of issues identified during project review

Document UNEP/OzL.Pro/ExCom/59/11 contains five sections: an analysis of the number of projects and activities submitted by bilateral and implementing agencies to the 59th Meeting; policy issues identified during the project review process; projects and activities submitted for

blanket approval; investment projects for individual consideration; and, activities and projects not required for compliance.

Issues to be addressed:

- Confidentiality of HCFC data reported under Article 7;
- HCFC demonstration projects that were removed from business plans;
- Project preparation requests for ODS disposal pilot projects;
- Prioritization in the phase-out of HCFCs;
- Consumption arising from HCFC-141b contained in pre-blended foam chemicals (polyols);
- Eligibility of measures to improve the climate impact of the conversion;
- Cost for conversion of component manufacturing vs. incremental operating cost;
- Basis for calculation of export to non-Article 5 countries;
- Preliminary template for draft agreements for HPMPs;
- Funding of institutional strengthening projects as part of an HPMP.

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

Confidentiality of HCFC data reported under Article 7

- (a) To note the report on confidentiality of HCFC data reported under Article 7 contained in document UNEP/OzL.Pro/ExCom/59/11;

HCFC demonstration projects that were removed from business plans

- (b) Whether it wishes to allow submission of additional HCFC demonstration projects in 2010, and if so, provide additional guidance to bilateral and implementing agencies on the submission criteria for those projects;

Project preparation requests for ODS disposal pilot projects

- (c) Whether it wishes to allow submission of additional project preparation requests for ODS pilot projects in line with decision 58/19 in 2010;

Prioritization in the phase-out of HCFC

- (d) The Meeting of the Parties had advised the Executive Committee to phase-out "first those HCFCs with higher ozone-depleting potential, taking into account national circumstances". The Executive Committee has yet to define how to prioritise and assess the national circumstances. The Secretariat proposes one way forward;

Consumption arising from HCFC-141b contained in pre-blended foam chemicals (polyols)

- (e) To provide support in principle for conversions to enterprises in Article 5 countries which use imported pre-blended polyol containing HCFCs, under the conditions and with the limitations outlined in this decision;
- (f) To provide financial support to enterprises using HCFC-based pre-blended polyols in countries with little or no consumption of HCFC-141b provided that all enterprises have been identified in the first stage of the HPMP, their levels of HCFC-141b used and amounts of foam produced are provided for the last three years, and that the enterprises fulfill the Multilateral Fund eligibility criteria;

- (g) To reduce the remaining eligible HCFC consumption in the country by the amount of HCFC 141b contained in the pre-blended polyol, but not to account for the phase-out in the business planning against the 2015 reduction target once the HCFC-141b consumption in the country has been phased out;
- (h) To limit the funding to the level of incremental capital costs and to the funding thresholds for the CFC-11 foam sector on a metric basis;

Eligibility of measures to improve the climate impact of the conversion

- (i) Consider the issue at its 60th Meeting;
- (j) Request the Secretariat to prepare a document for the 60th Meeting providing information regarding the relevant aspects of component upgrade in HCFC conversion projects;

Cost for conversion of component manufacturing vs. incremental operating cost

- (k) To discontinue funding for incremental operating cost for components, and instead fund conversions of component manufacturers and component manufacturing facilities in the production of air conditioning equipment;
- (l) Not to include any incremental operating cost in the funding provided for manufacturers of components;
- (m) To establish a list of components whose manufacturers might be viewed as eligible for funding, and to enclose in that list compressors and evaporators;
- (n) To exclude facilities where less than 50 per cent of the production is for components for HCFC equipment, and to deduct from the incremental cost the share of non-HCFC components produced;

Or

- (o) To fund incremental operating cost for components and not allow funding for conversions of component manufacturers or a component manufacturing facility within an equipment manufacturer;

Basis for calculation of export to non-Article 5 countries

- (p) Decide on determining that the part of the production, which is exported to non-Article 5 countries, be applied to decision 15/45 by:
 - (i) Using the amount of ODS contained in units which are already charged when shipped; and
 - (ii) Using the design ODS charge for units designed to be filled with an ODS but shipped empty;

Preliminary template for draft agreements for HPMPs

- (q) Adopt the preliminary template for HPMP draft agreements as presented in Annex I to document 59/11;

- (r) Request bilateral and implementing agencies preparing HPMPs to use this preliminary template when advising countries on how to prepare a draft agreement for HPMPs for consideration by the Executive Committee;
- (s) Request the Secretariat to update this preliminary template on an on-going basis, as appropriate and based on the policy developments and experiences gained, and report back to the Executive Committee on the status of the draft agreement not later than at the last Meeting of the Executive Committee in the 2011;

Funding of institutional strengthening projects as part of an HPMP

- (t) Whether to accept, where requested, the inclusion of the funding for institutional strengthening within the HPMP.

(b) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/59/12 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 2009. There are two requests that are fully addressed in this document and are being recommended for blanket approval.

Issues to be addressed: None.

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

- (a) Approve the preparation of a HCFC phase-out management plan for Zimbabwe for implementation by the Government of Germany at the total funding level of US \$96,050;
- (b) Approve the global project “Training on alternative technologies to HCFCs” for implementation by the Government of Japan at the total funding level of US \$160,178;
- (c) Request the Treasurer to offset the costs of the bilateral projects approved at the 59th Meeting as follows:
 - (i) US \$85,315 (including agency fees) against the balance of France’s bilateral contribution for 2009;
 - (ii) US \$96,050 (including agency fees) against the balance of Germany’s bilateral contribution for 2009; and
 - (iii) US \$160,178 (including agency fees) against the balance of Japan’s bilateral contribution for 2009.

(c) Amendments to work programmes for 2009

(i) UNDP

Document UNEP/OzL.Pro/ExCom/59/13 contains 12 activities submitted by UNDP including five requests for renewal of the institutional strengthening projects, three project preparation requests in the HCFC sector, three requests for preparation for ODS disposal projects; and one request for technical assistance for resource mobilization. The requests for renewal of the institutional strengthening projects and those for project preparation for HPMPs were recommended for blanket approval and have therefore been approved under agenda item 7(a). The rest are for individual consideration.

Issues to be addressed

- Requests for project preparation for pilot ODS disposal projects for Colombia, Cuba and India in light of decision 58/19;
- Request for technical assistance for mobilizing resources to maximize climate benefits of HCFC phase-out, in view of the lack of guidance from the Executive Committee on this issue, and in light of agenda item 11.

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

- (a) The request for the project preparation for a pilot ODS disposal project in Colombia in the light of the information presented, and approving it in line with decision 58/19;
- (b) The request for project preparation for a pilot ODS disposal project in Cuba in the light of the information presented, and approving it in line with decision 58/19;
- (c) The request for project preparation for a pilot project for ODS disposal in India in the light of the information presented, and in line with decision 58/19;
- (d) The proposal for resource mobilization in light of the information presented by UNDP, and in line with the discussion of agenda item 11, Further concept paper for a special funding, facility for additional income from loans and other sources.

(ii) UNEP

Document UNEP/OzL.Pro/ExCom/59/14 contains 45 activities submitted by UNEP, including 29 requests for institutional strengthening projects, three requests for HPMP preparation, two requests for ODS disposal projects and 11 TPMP tranches, which are discussed in the relevant country project documents. Twenty-nine activities are recommended for blanket approval and were approved under agenda item 7(a). Four are for individual consideration and are described in this work programme amendment, while one is discussed under agenda item 7(a).

Issues to be addressed

- Requests for institutional strengthening renewals for Cook Islands and Vanuatu in the absence of country programme data for 2008 in line with decision 52/5(f);
- Request for funding the regional approach to HPMP preparation in the PIC countries at a level higher than agreed in decision 57/9(e);
- Request for funding for the ODS disposal project in Nepal in line with the information presented and decision 58/19.

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

- (a) The requests for institutional strengthening renewals for Cook Island and Vanuatu in view of decision 52/5(f) and approve these subject to their country programme data for 2008 being officially submitted to the Multilateral Fund Secretariat by the 59th Meeting. Once approved, the Executive Committee may also wish to express to the Governments of these countries the comments which appear in Annex III of document UNEP/OzL.Pro/ExCom/59/14;

- (b) The request for funding for the regional preparation of HCFC phase-out management plans for PIC countries in the light of the information presented, and in line with decision 57/9(e);
- (c) The request for project proposal of a pilot ODS disposal project in Nepal in the light of the information presented, and whether to approve it in line with decision 58/19.

(iii) UNIDO

Document UNEP/OzL.Pro/ExCom/59/15 contains 21 activities submitted for funding by UNIDO including three requests for institutional strengthening renewals, nine requests for HPMP preparation, one project preparation request in the HCFC sector, seven requests for ODS disposal projects and one request for technical assistance for resource mobilization. Two requests for renewal of the institutional strengthening and those for project preparation for HPMPs were recommended for blanket approval and have therefore been considered under agenda item 7(a). Five of the ODS disposal projects are dealt with in agenda item 7(a), and the rest are for individual consideration.

Issues to be addressed

- Request for institutional strengthening renewal for Qatar in the absence of country programme data for 2008, in line with decision 52/5(f);
- Requests for project preparation for pilot ODS disposal projects for Algeria and China in light of decision 58/19;
- Request for technical assistance for mobilizing resources to maximize climate benefits of HCFC phase-out, in view of the lack of guidance from the Executive Committee on this issue, and in light of agenda item 11.

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

- (a) The request for institutional strengthening for Qatar in view of decision 52/5(f) and approve this subject to its country programme data for 2008 being officially submitted to the Multilateral Fund Secretariat by the 59th Meeting. Once approved, the Executive Committee may also wish to express to the Government of Qatar the comments which appear in Annex III of document UNEP/OzL.Pro/ExCom/59/15;
- (b) The request for project preparation for a pilot ODS disposal project in Algeria in the light of the information presented, and approving it in line with decision 58/19;
- (c) The request for project preparation for a pilot ODS disposal project in China in the light of the information presented, and approving it in line with decision 58/19; and
- (d) The request for technical assistance for mobilizing resources for HCFC phase-out and climate co-benefits, in light of the information presented in document UNEP/OzL.Pro/ExCom/59/15, and in the discussion under agenda item 11, Further concept paper for a special funding facility for additional income from loans and other sources.

(iv) World Bank

Document UNEP/OzL.Pro/ExCom/59/16 contains two activities submitted for funding by the World Bank: one request for preparation funds for investment activities for the HPMP in the air-conditioning sector in the Philippines and one technical assistance project for resource

mobilization. The request for the preparation of the investment activities for the HPMP in the Philippines is recommended for blanket approval and has been dealt with under agenda item 7(a). The request for a technical assistance project for resource mobilization is for individual consideration.

Issue to be addressed

- Request for technical assistance for mobilizing resources to maximize climate benefits of HCFC phase-out, in view of the lack of guidance from the Executive Committee on this issue, and in light of agenda item 11.

Action expected from the Executive Committee: The Committee might wish to consider the proposal for resource mobilization in light of the information presented by the World Bank, and in line with the discussion under agenda item 11, Further concept paper for a special funding facility for additional income from loans and other sources.

(d) Compliance Assistance Programme (CAP) budget for 2010

Document UNEP/OzL.Pro/ExCom/59/17 contains UNEP's global CAP budget for 2010.

Issue to be addressed

- UNEP submitted the global CAP budget for 2010 at the amount of US \$8,910,000 plus agency support costs of 8 per cent amounting to US \$712,800. This constitutes a 4.9 per cent increase from its budget in 2009, and is not in line with decision 47/24 due to the inclusion of the cost component for the operation of the Southeast Asia (SEA) network, the funding for which from the Government of Sweden through the Swedish International Development Agency (Sida) ceases at the end of 2009.

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

- (a) To agree to an increase in the CAP budget for 2010 at a 4.9 per cent, noting that the additional cost is due to the inclusion of the operation of the SEA network, and noting further that UNEP has tried to reprioritize costs in line with decision 47/24 in the short time available for submission to the 59th Meeting;
- (b) To approve :
 - (i) The 2010 CAP budget at a level of US \$8,910,00 plus support costs and agree that this will be the basis for future submissions for the CAP budget where decision 47/24 is applied;

Or:

 - (ii) The 2010 CAP budget at a level of US \$8,910,000 plus support costs on a time basis only considering (a) above, and requesting UNEP for 2011 to further reprioritize the CAP budget to revert to the original amount eligible for 2010 with only 3 per cent applied in line with decision 47/24;
- (c) To further request UNEP, in future submissions of 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; and
- (iii) Continue to report on the current staff post levels and inform the Executive Committee of any changes therein, particularly in respect of any increased budget allocations.

(e) 2010 core unit costs for UNDP, UNIDO and the World Bank

Document UNEP/OzL.Pro/ExCom/59/18 contains information on actual administrative costs for 2007 and 2008, estimated costs for 2009, and their associated approved budgets. It also presents requests for proposed 2010 core unit costs.

Issues to be addressed

- Greater administrative costs in 2009 than income for UNDP and the World Bank;
- Whether specific studies should be approved as part of core unit budgets or as separate technical assistance projects as is the case with the World Bank increase of US \$100,000 for contractual resources;
- Requests for approval of core unit costs for UNDP with a 3 per cent increase over the 2009 budget and the World Bank with a 2.3 per cent increase over the 2009 budget in line with decision 56/41;
- UNIDO provided information on the methodology of its administrative cost model that has similar assumptions to those used by UNDP and the World Bank;
- Consideration of UNIDO's request in light of the fact that it had not provided sufficient actual data in order to monitor the difference between administrative cost income and costs incurred as requested in decision 56/41.

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

- (a) Noting the report on 2010 core unit costs for UNDP, UNIDO and the World Bank as presented in UNEP/OzL.Pro/ExCom/59/18;
- (b) Approving the requests for core unit funding US \$1,913,365 for UNDP and US \$1,701,466 for the World Bank in accordance with decision 56/41; and
- (c) Considering UNIDO's request for US \$1,913,365 in the light of decision 56/41.

(f) Investment projects

Document UNEP/OzL.Pro/ExCom/58/18 contains a list of projects for individual consideration (see Table 1). 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 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. Investment projects for individual consideration

Country	Project	Agency	Issue	ExCom document
Foam				
China	Conversion demonstration from HCFC-141b-based to HFC-245fa-based spray polyurethane foam at Harbin Tianshuo Building Materials Co. Ltd.	World Bank	HCFC phase-out project. Use of HFC technology	59/23
China	Conversion of the foam part of Jiangsu Huaiyin Huihuang Solar Co. Ltd. from HCFC-141b to cyclopentane	World Bank	HCFC demonstration phase-out project. Costs related issues under discussion	59/23
China	Conversion demonstration from HCFC-141b-based to cyclopentane-based pre-blended polyol in the manufacture of rigid polyurethane foam at Guangdong Wanhua Rongwei Polyurethane Co. Ltd	World Bank	HCFC demonstration phase-out project. Project implementation modality, and cost related issues under discussion	59/23
Croatia	Phase-out of HCFC-141b from the manufacturing of polyurethane rigid and integral skin foams at Poly-Mix	UNIDO	HCFC investment project. Use of HFC technology	59/26
Croatia	Phase-out of HCFC-141b from the manufacturing of polyurethane rigid foam at Pavusin	UNIDO	HCFC investment project	59/26
Dominican Republic (the)	Conversion from HCFC-141b in the manufacture of polyurethane rigid insulation foam for commercial refrigerators at Fabrica de Refrigeradores Comerciales	UNDP	HCFC investment project. Second stage conversion	59/30
Mexico	Conversion from HCFC-141b in the manufacture of polyurethane rigid insulation foam for domestic refrigerators at Mabe Mexico	UNDP	HCFC investment projects. Costs related issues under discussion	59/38
Fumigant				
Costa Rica	Total methyl bromide phase-out used as a fumigant in melons, cut flowers, bananas, tobacco seedbeds and nurseries, excluding QPS applications (tranche V)	UNDP	Non-compliance with agreement. Request for a change in phase-out schedule	59/25
Guatemala	National phase-out of methyl bromide (phase II, first tranche)	UNIDO/UNEP	Agreement for complete phase-out of MB	59/32
Turkmenistan	Technical assistance for the elimination of methyl bromide in post harvest sector	UNIDO	Complete phase-out of MB	59/46
Process Agent				
Democratic People's Republic of Korea (the)	Phase-out of CTC as process agent at 2.8 Vinalon Complex	UNIDO	Eligibility issues	59/29
Democratic People's Republic of Korea (the)	Phase-out of CTC as process agent at Sinuiju Chemical Fibre Complex	UNIDO	Eligibility issues	59/29

Country	Project	Agency	Issue	ExCom document
Phase-out plan				
Brazil	National CFC phase-out plan (eighth tranche)	UNDP	Use of remaining unspent funds	59/21
Qatar	Terminal phase-out management plan (second tranche)	UNIDO/UNEP	Non-submission of 2008 country programme data	59/41
Tunisia	National ODS phase-out plan (second tranche)	World Bank	Insufficient obligation of funds	59/45
HPMP				
The former Yugoslav Republic of Macedonia	HCFC phase-out management plan (first phase)	UNIDO	First HPMP submitted. Related policy issues	59/44
Refrigeration				
Jordan	Phase-out of HCFC-22 and HCFC-141b from the manufacture of unitary air-conditioning equipment at Petra Engineering Industries Co.	UNIDO	Policy issues related to HCFC phase-out	59/36

Action expected from the Executive Committee: The Committee may wish to consider whether to approve each of the 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

7.(bis) Country programmes

Document UNEP/OzL.Pro/ExCom/59/49 contains a country programme submitted on behalf of the Government of Somalia.

Issues to be addressed: None.

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

- (a) Approve the Somalia country programme, noting that approval of the country programme does not denote approval of the projects identified therein or their funding levels. Approval of the Somalia country programme should be without prejudice to the operation of the Montreal Protocol's mechanism for addressing non-compliance; and
- (b) Request the Government of Somalia to present information annually to the Executive Committee on progress being made in the implementation of the country programme, in accordance with the decision of the Executive Committee on implementation of country programmes (UNEP/OzL.Pro/ExCom/10/40, para. 135), using the approved on-line format. The initial report covering the period 1 January 2009 to 31 December 2009 should be submitted to the Fund Secretariat no later than 1 May 2010.

8. Report of the Production Sector Sub-group

The report will be submitted to the Executive Committee after the Sub-group meets during the 59th Meeting.

9. Cost considerations surrounding the financing of HCFC phase-out:

- (a) **Prioritization of HCFC phase-out technologies to minimize other impacts on the environment (decision 57/33 and paragraph 147 of the report of the 58th Meeting of the Executive Committee)**

Document UNEP/OzL.Pro/ExCom/59/51 and Add.1 contain a description of the current status of the MLF climate impact indicator, a tool which is meant to allow keeping track of the climate impact of Multilateral Fund projects and support the Executive Committee in giving priority to projects with minimum impact on the climate. In its document, the Secretariat provided information regarding the data taken into account by the model, provided information and examples regarding the data output, and suggested a decision on how to move forward.

Issues to be addressed:

- Whether the Multilateral Fund climate impact indicator can be used, as described, for project submissions from the 60th Meeting onwards on an interim basis. This would enable the Secretariat to obtain information to assist in the further development of the indicator.

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

- (a) Noting the report prepared by the Secretariat on prioritization of HCFC phase-out technologies to minimize other impacts on the environment;
- (b) Discussing the type of incentives to be associated with the MLF climate impact indicator, and other relevant questions relating to it, at the 60th Meeting;
- (c) Approving the preliminary use of the MLF climate impact indicator on project submissions for the 60th Meeting onward to inform agencies and countries about the climate impact of technology choices and to collect further data on the use of the MLF climate impact indicator for the Executive Committee's consideration;
- (d) Finalising the development of the MLF climate impact indicator as outlined in the Secretariat's paper, using the examples provided by the Secretariat in the Annex as a basis for the output to be provided;
- (e) Approving the related work including programming of software a budget of US \$50,000; and
- (f) Requesting a report from the Secretariat on the experiences gained not later than to the 62nd Meeting of the Executive Committee.
- (b) Analysis of new approaches on second-stage conversions, determination of cut-off date and other outstanding HCFC policy issues**

Document UNEP/OzL.Pro/ExCom/59/52 was prepared in response to decision 57/34. At its 58th Meeting, the Committee considered a document (UNEP/OzL.Pro/ExCom/58/47) presenting an analysis on second-stage conversion, determination of cut-off date and other outstanding HCFC policy issues including, cost-effectiveness thresholds, technological upgrades and conversion before the end of the equipment's useful life, as well as the applicability of the LVC country category with regard to HCFCs. The final issue presented was the starting point for aggregate reductions in HCFC consumption. A contact group was established by the Executive

Committee. The working document reflecting the conclusions of the contact group was posted on the Secretariat's intranet.

Issues to be addressed:

- The options for an eligible cut-off date for installation of HCFC-based manufacturing equipment;
- Providing funding for the second-stage conversions of enterprises that were converted from CFC to HCFC technology through the Multilateral Fund;
- Methodologies for calculating eligible incremental costs, in particular operating costs, during the first stage of the implementation of HPMPs;
- Cost effectiveness thresholds for HCFCs;
- Technological upgrades and conversions before the end of the equipment's useful life;
- Applicability of the low-volume consuming country category with regard to HCFCs;
- Starting points for aggregate reductions in HCFC consumption.

Action expected from the Executive Committee: the Executive Committee may wish to consider adopting the following criteria for funding HCFC phase-out in the consumption sector in Article 5 countries:

Cut-off date

- (a) Not to consider any projects to convert to HCFC-based capacity installed after [2005] or [21 September 2007];

Second-stage conversion

- (b) To apply the following principles in regard to second-stage conversion projects for the first stage of HPMP implementation to achieve the 2013 and 2015 HCFC phase-out compliance targets, to be reviewed by the Executive Committee no earlier than the last meeting in 2013:
 - (i) Full funding of eligible incremental costs of second-stage conversion projects will be considered in those cases where an Article 5 Party clearly demonstrates in its HPMP that such projects are necessary to comply with the Montreal Protocol HCFC targets up to and including the 35 per cent reduction step by 1 January 2020 and/or are the most cost-effective projects measured in ODP tonnes that the Party concerned can undertake in the manufacturing sector in order to comply with these targets;
 - (ii) Funding for all other second-stage conversion projects not covered under paragraph (b) (i) above will be limited to funding for installation, trials, and training associated with these projects;

Starting points for aggregate reductions in HCFC consumption

- (c) To establish the starting points for aggregate reductions in HCFC consumption, for those Article 5 countries that submit projects in advance of their assessed baseline, at the time of submission of either the HCFC investment project or the HPMP, whichever is first submitted for the consideration of the Executive Committee;
- (d) To allow Article 5 countries to choose between the most recent reported HCFC consumption under Article 7 of the Montreal Protocol at the time of the submission of the

HPMP, and/or the investment project and the average of consumption forecast for 2009 and 2010, in calculating starting points for aggregate reductions in HCFC consumption;

- (e) To adjust the agreed starting points for aggregate reductions in HCFC consumption in cases where calculated HCFC baselines based on reported Article 7 data are different from the calculated starting point based on the average consumption forecast for 2009-2010;

Eligible incremental costs of HCFC-phase out projects

- (f) To apply the following principles in regard to eligible incremental costs of HCFC phase-out projects for the first stage of HPMP implementation to achieve the 2013 and 2015 HCFC phase-out compliance targets, subject to a review in 2013:
 - (i) When preparing HCFC phase-out projects in the foam, refrigeration and air-conditioning sectors, bilateral and implementing agencies shall use the technical information contained in document UNEP/OzL.Pro/ExCom/55/47 as a guide;
 - (ii) The current cost-effectiveness threshold values used for CFC phase-out projects shall be used as guidelines during the development and implementation of the first stage of HPMPs measured in metric kg;

HCFC phase-out in the foam sector

- (iii) Incremental operating costs for projects in the foam sector will be considered at [US \$xx/metric kg (*as per the values in the table below*)] of HCFC consumption to be phased out at the manufacturing enterprise [for a transitional period of one year] or [two years] or [three months];
- (iv) For group projects linked to systems houses, incremental operating costs will be calculated on the basis of the of the total HCFC consumption of all downstream foam enterprises to be phased out;

HCFC phase-out in the refrigeration and air-conditioning manufacturing sector

- (v) Incremental operating costs for projects in the air conditioning sub-sector will be considered at [US \$xx/metric kg (*as per the values in the table below*)] of HCFC consumption to be phased out at the manufacturing enterprise [for a transitional period of xx months];
- (vi) Incremental operating costs for projects in the commercial refrigeration sub-sector will be considered at [US \$xx/metric kg (*as per the values in the table below*)] of HCFC consumption to be phased out at the manufacturing enterprise [for a transitional period of xx months];
- (vii) Consistent with decision 31/45, incremental operating costs will not be considered for enterprises categorized under the refrigeration equipment assembly, installation and charging sub-sector;

[Party	IOC (US \$/kg)				Cut off date
	HCFC-141b foam	HCFC-142b foam	Air conditioning	Commercial refrigeration	
Article 5	2.40	2.40	8.00	6.50	
Non-Article 5	1.18	1.13	3.51	3.25	2007
Non-Article 5	1.18	1.13	4.00	3.50	2005]

HCFC phase-out in the refrigeration servicing sector

- (viii) Article 5 countries [that have up to 90 percent of HCFC consumption in the refrigeration servicing sector measured in ODP tonnes] must include in their HPMP, as a minimum:
- A commitment to meeting, without further requests for funding, at least the freeze in 2013 and [the 10 per cent reduction step in 2015] or [the 35 per cent reduction by 2020] in the refrigeration servicing sector. This shall include a commitment by the country to restrict imports of HCFC-based equipment if necessary to achieve compliance with the reduction steps and to support relevant phase-out activities;
 - Mandatory reporting, by the time funding tranches for the HPMP are requested, on the implementation of activities undertaken in the refrigeration servicing sector in the previous year, as well as a thorough and comprehensive work plan for the implementation of the following tranche's activities;
 - A description of the roles and responsibilities of major stakeholders, as well as the lead implementing agency and the cooperating agencies, where applicable;
- (ix) Funding for Article 5 countries that have up to 90 percent of HCFC consumption in the refrigeration servicing sector measured in ODP tonnes will be provided consistent with the table below on the understanding that project proposals will still need to demonstrate that the funding level is necessary to achieve the 2013 and [2015], or [2020] phase-out targets:

Activities	Level of HCFC consumption in the servicing sector (*)							
	Below 20 m. tonnes (1.1 odp t)	Up to 100 m. tonnes (5.5 odp t)	Up to 300 m. tonnes (16.5 odp t)	Up to 500 m. tonnes (27.5 odp t)	Up to 1,000 m. tonnes (55odp t)	(***)		
						Up to 5,000 m. tonnes (275 odp t)	Up to 8,000 m. tonnes (440 odp t)	Above 8,000 m. tonnes (440 odp t)
Legislation	10,000	10,000	10,000	20,000	30,000	50,000	50,000	80,000
Customs training	30,000	40,000	50,000	60,000	80,000	120,000	140,000	160,000
Technicians training	40,000	60,000	70,000	100,000	160,000	240,000	300,000	400,000
Technical assistance(**)	50,000	100,000	300,000	500,000	1,000,000	5,000,000	8,000,000	11,000,000
Monitoring (***)	20,000	40,000	90,000	140,000	250,000	1,000,000	1,700,000	2,300,000
Total (in US \$)	150,000	250,000	520,000	820,000	1,520,000	6,410,000	10,190,000	13,940,000

(*) Figures represent maximum amounts for each group.

(**) For countries with an HCFC consumption above 20 metric tonnes (1.1 ODP tonnes), actual amount should be prorated according to the level of HCFC consumption in the servicing sector.

(***) For countries with an HCFC consumption above 20 metric tonnes (1.1 ODP tonnes), actual amount should be calculated as 20 per cent of the total cost of the activities.

(****) No longer applicable as per sub-paragraph (xi) below.

- (x) Article 5 countries that have up to 90 percent of HCFC consumption in the refrigeration servicing sector measured in ODP tonnes, and that receive funding consistent with the above table, will have flexibility in utilizing the resources available under the refrigeration servicing sector to address specific needs that might arise during project implementation to facilitate the smoothest possible phase-out of HCFCs;
- (xi) Article 5 countries with HCFC consumption in both the manufacturing and refrigeration servicing sectors, and having less than 90 percent of their HCFC consumption in the refrigeration servicing sector measured in ODP tonnes, should first address consumption in the manufacturing sector to achieve the 2013 and 2015 phase-out targets. However, if such countries clearly demonstrate that they require assistance in the refrigeration servicing sector to comply with these targets, funding for these activities, such as training, will be calculated at US\$4.50/metric kg, which will be deducted from their starting point for aggregate reductions in HCFC consumption;

HCFC phase-out in the aerosol, fire extinguisher and solvent sectors

- (xii) The eligibility of incremental capital and operating costs for HCFC phase-out projects in the aerosol, fire extinguisher and solvent sectors will be considered on a case-by-case basis.

10. Institutional strengthening: Options for funding after 2010

Document UNEP/OzL.Pro/ExCom/59/53 contains a re-issued document on the review of the current funding arrangements for institutional strengthening (IS) and capacity building for Article 5 countries, and analyses the demand for continued IS support vis-à-vis existing control measures of the Montreal Protocol. It also considers the implications of decision XIX/6 of the Nineteenth Meeting of the Parties, which imposed new obligations with respect to an accelerated HCFC phase-out, and provides the Executive Committee with options for funding IS projects beyond 2010.

Issues to be addressed

- Maintenance funding for overall institutional strengthening support at current levels;
- Re-balancing institutional strengthening support towards the provision of funding through the project management unit (PMU) established under an HPMP;
- Performance indicators.

Action expected from the Executive Committee: The Committee may wish to continue the deliberations on funding for IS beyond 2010, taking into account the following:

- (a) Support for establishment of and maintenance of NOUs has been generally agreed as a success story for the Fund and has made a major contribution to achievement of compliance;
- (b) The cost of IS, at a current average of around US \$7 million per year, is modest and increases since the inception of the Fund have been minimal;

- (c) It would appear that in one form or another, funding support for IS needs to continue to ensure all phase-out goals are achieved in a sustainable manner (including HCFCs and possible future HFCs);
- (d) Once all phase-out goals under the Montreal Protocol have been secured, there is an expectation that Governments will eventually have to take over responsibility for managing National Ozone Units (NOUs) and to facilitate this, the gradual transfer of funding for the NOUs from the Multilateral Fund to the relevant national government should be considered;
- (e) The only realistic option for modification of current arrangements would be for IS funding to be viewed vis-à-vis HPMP project management unit (PMU) cost, with a view to examining the re-balancing of funding between the two institutions; and
- (f) If this were to occur, the IS funding level available to national governments might not change significantly from current levels for any A5 country (and should definitely not decrease for the 95 countries currently receiving the US \$30,000 per annum minimum funding).

11. Further concept paper for a special funding facility for additional income from loans and other sources (decision 58/37)

Document UNEP/OzL.Pro/ExCom/59/54 addresses the elements raised at the 58th Meeting including the definition of the Facility, the criteria for receiving funding, the added value of the Facility versus using the Fund to finance climate benefits, and resources for the Facility. It also provides a discussion on how the Treasurer would manage credits for climate change and a summary of documents addressing carbon markets. It presents discussions on legal matters and juridical personalities, co-financing and resource mobilization proposals, and additional burden of the Facility to the work of the Secretariat.

Issues to be addressed

- Definition of the facility;
- Added value of the Facility versus using the existing Fund structure to fund climate and other environmental benefits;
- Resource for the Facility;
- How the Treasurer would address carbon credits;
- Issues with respect to carbon markets;
- Other issues related to the Facility.

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

- (a) Note the document presented by the Secretariat entitled “Further concept paper for a special funding facility for additional income from loans and other sources” as contained in UNEP/OzL.Pro/ExCom/59/54; and
- (b) Consider any further action with respect to the Facility and the requests by the implementing agencies for resource mobilization.

12. Accounts of the Multilateral Fund

(a) 2008 final accounts

Document UNEP/OzL.Pro/ExCom/59/55 presents the 2008 financial statements of the Multilateral Fund, the four implementing agencies and the Secretariat.

Issues to be addressed: None

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

- (a) Note the audited financial statement of the Fund as at 31 December 2008;
- (b) Note that the final audit report on the 2008 financial statement will be submitted to the Committee as soon as it becomes available;
- (c) Request the Treasurer to record in the 2009 accounts the differences between the agencies' provisional statements and their final 2008 accounts as reflected in tables 1 and 2 of this document.

(b) Reconciliation of the accounts (decisions 57/38 and 58/39)

Document UNEP/OzL.Pro/ExCom/59/56 presents the outstanding reconciling items from 2006 and 2007 for the World Bank and also the 2008 reconciliation of the accounts exercise.

Issues to be addressed: None

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

- (a) Note:
 - (i) The reconciliation of the accounts as presented in UNEP/OzL.Pro/ExCom/59/56;
 - (ii) That the World Bank has adjusted its inventory of projects by US \$303 and the 2006 standing reconciling item from World Bank on the US \$303 on approved projects is closed;
 - (iii) That all agencies have completed their 2006 reconciliation at approvals, income and expenditures level;
- (b) Note with appreciation the report provided by the World Bank on the outstanding 2007 reconciling item of US \$1,510,471;
- (c) Request the Treasurer to return the amount of US \$1,510,471 to the World Bank based on:
 - (i) The double reporting and deduction by the Treasurer of US \$870,549 of the promissory note gains;
 - (ii) The double reporting and deduction by the Treasurer of US \$640,225 on the unrealized investment loss; and
 - (iii) US \$303 return to the Fund from the Bank.

- (d) Note the following outstanding reconciling items in the 2008 reconciliation of the accounts exercise:

UNDP

- (i) An additional amount of US \$11 in UNDP's records of approved projects to be aligned to the 2008 approved projects as per the Secretariat's Inventory;
- (ii) US \$18,567 expenditures reported by UNDP as a project level error adjusted in the progress report but not adjusted in the 2008 accounts;

UNEP

- (iii) A shortfall of US \$176,401 against project GLO/SEV/50/TAS/276 in the progress report approved amounts to be adjusted as reported in the UNEP balance reports to the 59th Meeting;
- (iv) A shortfall of US \$1,905 in the 2008 expenditures in the accounts reported as expenditure in the 2009 accounts;

UNIDO

- (v) US \$14 surplus in UNIDO's income;
- (vi) A US \$208 shortfall in 2008 final expenditures;

World Bank

- (vii) The 2008 standing reconciling item of US \$5,375,000 in the World Bank's income related to the US Bilateral project in China (CPR/PRO/47/INV/439) on Accelerated Production Phase-out.

- (e) Request the implementing agencies to carry 2008 adjustments in 2009 as follows by:
- (i) Recording the amount of US \$297,686 related to UNDP 2008 expenditures in 2009;
- (ii) Recording of the amount US \$504,841 related to UNDP's 2008 interest income in 2009.

13. Agreement between the UNEP as Treasurer of the Multilateral Fund and the Executive Committee

UNEP/OzL.Pro/ExCom/59/57 contains a proposal submitted by the Treasurer on the level of funding for the year 2010 onwards since the Executive Committee agreed to defer consideration of UNEP's remuneration for its services as Treasurer to its 59th Meeting.

Issues to be addressed:

- There is no requirement under the existing agreement for the Treasurer to account for the fees;
- The increase in the annual fee requested by the Treasurer of US \$50,100;
- The Multilateral Fund has been subject to an audit on administrative and fund management matters. Pending finalization of the audit, the Executive Committee may wish to consider an interim extension of one year of the agreement to enable the Committee to take into account any relevant audit observation.

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

- (a) Note the Treasurer's report on the agreement between the Executive and UNEP as the Treasurer of the Fund as contained in UNEP/OzL.Pro/ExCom/59/57;
- (b) Consider whether to approve the Treasurer's request to increase its fees from US \$500,000 per annum to US \$550,100 or maintain the fee level at US \$500,000 per annum for one year; and
- (c) Review the Treasurer's service at its 62nd Meeting taking into account any relevant audit observation.

14. Revised 2010, 2011 and proposed 2012 budgets of the Fund Secretariat

Document UNEP/OzL.Pro/ExCom/59/58 presents a revision to the 2010 budget for which the personnel component was approved by decision 54/44 of the Executive Committee, and proposes the 2012 budget to cover staff costs in 2012. The document also presents the 2011 personnel component costs as approved by decision 56/68.

Issues to be addressed: None

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

- (a) Approve the additional amount of US \$3,034,869 in the revised 2010 budget of the Fund Secretariat to cover the operational costs of the Secretariat resulting in a total of US \$6,677,115 with the inclusion of the 2010 personnel component costs already approved at the 56th Meeting of the Executive Committee;
- (b) Note the amount of US \$3,771,753 for the 2011 personnel component costs already approved at the 56th Meeting;
- (c) Approve the proposed 2012 personnel component costs of the budget totalling US \$3,960,340; and
- (d) To note that the Secretariat has had to move anticipated savings in 2009 under some budget components in order to cover the overrun on conference service costs with respect to holding the 59th Meeting of the Executive Committee in Port Ghalib.

15. Other matters
