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**Twentieth Meeting of the Parties to the  
Montreal Protocol on Substances that  
Deplete the Ozone Layer**  
Doha, 16–20 November 2008  
Item 4 of the provisional agenda of the high-level segment\*

**Presentation by the Chair of the Executive Committee of the  
Multilateral Fund for the Implementation of the  
Montreal Protocol on the work of the Executive Committee**

**Report of the Executive Committee of the Multilateral Fund for  
the Implementation of the Montreal Protocol to the Twentieth  
Meeting of the Parties**

**Introduction**

1. The terms of reference of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro.9/12, Annex V) require the Committee to report annually to the Meeting of the Parties. The present report, which covers the activities undertaken by the Executive Committee since the Nineteenth Meeting of the Parties, is submitted in fulfilment of that requirement. The report includes four annexes: Annex I presenting tables with data on project approvals; Annex II containing an assessment report on implementation of the recommendations from the 2004 evaluation and review of the financial mechanism; Annex III showing the amounts of HCFC consumption phased in; and Annex IV containing the guidelines for HCFC phase-out management plans (HPMPs) and their preparation.

2. As a result of the historic decision of the Nineteenth Meeting of the Parties related to the accelerated phase-out targets for HCFCs, the Executive Committee took several decisions to assist Article 5 countries in meeting the challenges contained in decision XIX/6. The decisions on HCFC phase-out and related cost issues are included under section G and Annex IV to this report.

3. During the reporting period, the 53rd Meeting of the Executive Committee was held in Montreal from 26 to 30 November 2007, the 54th in Montreal from 7 to 11 April 2008, the 55th in Bangkok from 14 to 18 July 2008 and the 56th in Doha from 8 to 12 November 2008. The reports of the 53rd, 54th and 55th meetings of the Executive Committee are contained in documents UNEP/OzL.Pro/ExCom/53/67, UNEP/OzL.Pro/ExCom/54/59 and UNEP/OzL.Pro/ExCom/55/53, respectively, and are available on the Multilateral Fund's web site ([www.multilateralfund.org](http://www.multilateralfund.org)). The report of the 56th Meeting is contained in document UNEP/OzL.Pro/ExCom/56/64 and will shortly be available on the web site.

\* UNEP/OzL.Pro.20/1.

4. In accordance with decision XVIII/2 of the Eighteenth Meeting of the Parties, the 53rd Meeting of the Executive Committee was attended by representatives of the following countries, Members of the Executive Committee: Belgium, Canada (Chair), the Czech Republic, Italy, Japan, Sweden and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by China, Guinea (Vice-Chair), Jordan, Mexico, Saint Lucia, Sudan and Uruguay, representing Parties operating under paragraph 1 of Article 5, and was chaired by Mr. Philippe Chemouny (Canada), with Mr. Elhadj Mamadou Nimaga (Guinea) acting as Vice-Chair.

5. In accordance with decision XIX/3 of the Nineteenth Meeting of the Parties, the 54th, 55th and 56th Meetings were attended by representatives of the following countries, Members of the Executive Committee: Australia, Belgium, Germany, Japan, Romania, Sweden (Vice-Chair) and the United States of America, representing Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, and by China, the Dominican Republic, Gabon (Chair), India, Lebanon, Sudan and Uruguay, representing Parties operating under paragraph 1 of Article 5, and were chaired by Mr. Albert Rombonot (Gabon) with Mr. Husamuddin Ahmadzai (Sweden) acting as Vice-Chair. Ms. Maria Nolan, Chief Officer acted as Secretary for all the Meetings.

6. All the Meetings within the reporting period were also attended by representatives of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) both as implementing agency and as Treasurer of the Fund, the United Nations Industrial Development Organization (UNIDO), the World Bank, the Ozone Secretariat and other observers.

## **A. PROCEDURAL MATTERS**

### **1. Establishment of contact groups**

7. The Executive Committee during this reporting period established several contact groups to deal with issues such as: Definition of consumption under a performance-based agreement, Compliance Assistance Programme (CAP) budget for 2008, Options for funding possible arrangements and levels for institutional strengthening support beyond 2010 and opportunities to fine-tune the institutional strengthening renewal process, CFC management and accelerated production closure for India, Draft guidelines for HPMPs and cost considerations concerning the financing of HCFC phase-out, Further elaboration and analysis of issues pertaining to the phase-out of the HCFC production sector, Management of the unspent fund balance from multi-year agreements (MYAs), the Cost structure for determining funding levels for preparation of HCFC investment projects and associated activities, various specific project proposals, Issues related to the procedures and practices used during the previous product sector phase-out for controlled substances, Elements of a future decision with respect to the HCFC production sector, Second conversions and cut-off dates, and the 2009 Secretariat budget in relation to the post of Senior Monitoring and Evaluation Officer.

### **2. Subgroup on the production sector**

8. The 55th Meeting briefly addressed the question of reconvening the subgroup on the production sector as requested by decision 53/37(g), but decided to await the results of the deliberations of the contact group set up to discuss issues relating to the phase-out of HCFC production before reconvening the subgroup (decision 55/42).

9. The 56th Meeting decided that the sub-group on the production sector should be reconstituted and reconvened at the 57th Meeting (decision 56/64).

## **B. FINANCIAL MATTERS**

### **3. Status of contributions and disbursements**

10. As at 7 November 2008, the total income to the Multilateral Fund, including cash payments, promissory notes held, bilateral contributions, interest earned and miscellaneous income, amounted to US\$2,453,952,165, and total allocations, including provisions, amounted to US\$2,349,442,576. The balance available at 7 November 2008 therefore amounted to US\$104,509,589. The yearly distribution of contributions against pledges is as follows:

## YEARLY DISTRIBUTION OF CONTRIBUTIONS AGAINST PLEDGES

Year	Pledged contributions US \$	Total payments US \$	Arrears/outstanding pledges US \$
1991-1993	234,929,241	210,359,139	24,570,102
1994-1996	424,841,347	393,465,069	31,376,278
1997-1999	472,567,009	434,088,535	38,478,474
2000-2002	440,000,001	429,113,771	10,886,230
2003-2005	474,000,001	460,465,870	13,534,130
2006-2008*	400,500,122	319,250,049	81,250,049
Total:	2,446,837,721	2,246,742,433	200,095,263**

\*Note: As of 7 November 2008.

\*\* This figure does not include any disputed contributions.

#### 4. Interest collected during the 2006-2008 triennium

11. As at 7 November 2008, the total level of interest recorded in the Treasurer's accounts amounted to US \$41,491,190 for the 2006-2008 triennium.

#### 5. Bilateral cooperation

12. During the period under review, the Executive Committee approved requests by Canada, France, Germany, Israel, Italy, Japan, Spain and Switzerland to credit bilateral assistance amounting to a total of US \$8,802,801. This brings the total for bilateral cooperation, since the inception of the Multilateral Fund Secretariat, to US \$126,774,717 (excluding cancelled and transferred projects), representing approximately 5.4 per cent of funds approved. The range of bilateral projects approved includes, *inter alia*, CFC and ODS phase-out plans, technical assistance to introduce chemical alternatives to methyl bromide, national methyl bromide phase-out plans, national CFC consumption phase-out plans, terminal phase-out management plans (TPMPs) for Annex A (Group I) substances, sector phase-out plans for CTC consumption, a demonstration project on ODS disposal, support for the African Customs Enforcement Networks, extension of institutional strengthening and preparation of HCFC phase-out management plans.

#### 6. Issues pertaining to contributions

##### *Timely payment by donor countries*

13. At all the Meetings during the period under review the Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible and concern was expressed regarding arrears in contributions and the length of time that these had existed. At the 54th Meeting, the Committee decided to emphasize in this report its concern about the existing arrears in light of the 2010 phase-out target (decision 54/2).

14. The 56th Meeting decided to bring the question of arrears in contributions to the Multilateral Fund to the attention of the Twentieth Meeting of the Parties (decision 56/1).

##### *Additional income from loans and other sources*

15. The 55th Meeting decided to discuss at its 57th Meeting the question of a facility for additional income from loans and other sources and the potential uses of such funds (decision 55/2).

## 7. Accounts of the Multilateral Fund

### *Final 2006 accounts*

16. The 53rd and 56th Meetings considered the final 2006 accounts of the Fund, which included the provisional 2006 accounts of the implementing agencies. It was noted that the Board of Auditors had recommended that the attention of the Meeting of the Parties once again be drawn to the necessity of declaring as bad debts the longest-standing and largest debt balances, and requested the Treasurer to advise the auditors to treat as closed the observation on long-outstanding debts as the Committee has already drawn these to the Parties' attention at their Nineteenth Meeting (decisions 53/41 and 56/66).

### *Reconciliation of the 2006 accounts*

17. The 53rd Meeting reviewed the reconciliation of the 2006 accounts and noted the explanations given by the implementing agencies on spending on programme support costs. It requested further explanations and reports from the implementing agencies and returned to the issue of discrepancies in financial statements at its 54th Meeting, when it noted that further work would have to be undertaken in the administrative cost study to address the adequacy of the agency fees and core unit funding, as well as how programme support costs received for bilateral activities were recorded. The consultant authorized by the 50th Meeting to undertake a comprehensive independent assessment of the administrative costs required for 2009-2011 triennium (decision 50/27) was requested to take into consideration a number of the issues raised (decision 54/41).

18. The 55th Meeting returned to the question of reconciliation of the 2006 accounts. After hearing an explanation on the outstanding discrepancy between the expenditures reported in UNEP's financial statement and its progress report, the Executive Committee noted that UNEP was taking corrective action and requested UNEP to report to the 56th Meeting on the action taken (decision 55/46).

19. Reconciliation of the 2006 accounts was again addressed at the 56th Meeting, but it was noted that further updates were required before closing the accounts (decision 56/67).

### *2007 financial statements*

20. The 55th Meeting noted the Fund's 2007 provisional financial statements and that the Treasurer had taken the necessary action to reflect the adjustments resulting from the reconciliation of the 2006 accounts (decision 55/47).

21. The audited financial statement of the Fund as at 31 December 2007 was noted by the 56th Meeting (decision 56/66).

### *Revised staffing structure for the Secretariat*

22. The 53rd Meeting agreed that the Secretariat should have flexibility to revert to the Executive Committee during 2008 with a revised staffing structure for the Secretariat (decision 53/43). The 54th Meeting reviewed the proposed structure, which was intended to enable the Secretariat to continue providing the Executive Committee with the usual high level of support, particularly in view of the new area of activities and policies on HCFCs that had to be addressed. The Executive Committee accordingly decided to approve the upgrading of one Deputy Chief Officer post from P5 to D1 starting in 2009; to approve a new P3 post; to downgrade one post from P5 to P3; to upgrade the post of Associate Executive Assistant from P2 to P3; and to approve two new G6 posts starting in 2008.

### *Revised 2008, 2009, proposed 2010 and 2011 budgets of the Fund Secretariat*

23. The 53rd Meeting considered the revised 2008 budget, the budget for 2009 and a proposed budget for 2010. It approved the amount of US \$2,784,087 for the salary component already approved at the 50th Meeting, and the revised operational costs of the Secretariat in the 2008 budget of the Fund totalling US \$5,764,261. It noted the amount of US \$3,129,183 for the salary component in 2009 already approved at the 50th Meeting, approved the proposed 2010 salary component of the budget totalling US \$3,285,641, and the revised 2008, 2009 and 2010 budgets of the Multilateral Fund

Secretariat (decision 53/43). In light of the decision taken on the revised staffing structure for the Secretariat, the 54th Meeting approved revised budgets of US \$5,867,208 in 2008, US \$3,421,091 in 2009 and US \$3,592,146 in 2010 (decision 54/44).

24. At the 56th Meeting, the Executive Committee decided to allow the Secretariat, on a one-time basis, flexibility in the 2008 budget to exceed the 20 per cent limit to reallocate funds among budget lines in order to cover the overrun on conference service costs incurred by having held the 55th Meeting of the Executive Committee in Bangkok, back-to-back with the meeting of the Open-ended Working Group of the Montreal Protocol in July 2008.

25. As the Senior Monitoring and Evaluation Officer would be leaving the Secretariat in December 2008, it was also decided that the funds allocated to the position of the temporary staff who would assume his role in 2009 should be limited to the budgetary allocation for that position only and that the budget for this position should be considered concurrently with the decision on the future priorities and arrangements for the monitoring and evaluation programme (decision 56/68).

## **8. 2008 and 2009 core unit costs for UNDP, UNIDO and the World Bank**

26. The 53rd Meeting considered the 2006 actual costs, the 2007 estimated costs, and the 2008 proposed costs with a view to approving the costs requested for 2008. It approved US \$1,803,530 for core unit funding for 2008 for UNDP, US \$1,803,530 for UNIDO, and US \$1,614,900 for the World Bank (decision 53/22).

27. After noting the report on 2008 core unit costs, the 56th Meeting approved the requests for US \$1,857,636 for core unit funding for 2009 for UNDP, US \$1,857,636 for UNIDO, and US \$1,663,347 for the World Bank (decision 56/42).

## **9. Compliance Assistance Programme (CAP) budget**

28. The 53rd Meeting considered the CAP budget for 2008 contained in UNEP's 2008 work programme. The budget requested represented an overall 6.2 per cent increase on the 2007 budget, which was not in line with Executive Committee decision 47/24. After hearing the report of the contact group set up to discuss the issue with UNEP, the Executive Committee approved the revised CAP budget at an amount of US \$8,243,090 plus agency support costs of 8 per cent, amounting to US \$659,447, representing a 3 per cent increase on the 2007 budget (decision 53/21).

29. The 56th Meeting expressed appreciation to UNEP for its good work under the CAP and agreed on the need to ensure that UNEP had sufficient flexibility to reallocate resources and staff as necessary in order to achieve its priorities under the CAP. It approved the CAP budget for 2009 at the amount of US \$8,490,000 plus agency support costs of 8 per cent amounting to US \$679,200 and requested UNEP to provide detailed information on the activities for which the global funds would be used and to expand the prioritization of funding between CAP budget lines to accommodate priorities. UNEP was also asked to provide details on the reallocations in its budget following Executive Committee decisions 47/24 and 50/26, to report on the current post levels of staff and to inform the Executive Committee on any changes thereto (decision 56/43).

## **10. Assessment of the administrative costs required for the 2009-2011 triennium**

30. The 54th Meeting heard a presentation from the consultant engaged to assess the administrative costs required for the 2009-2011 triennium and requested the implementing agencies to provide adequate information to ensure that the assessment was as exhaustive and beneficial as possible (decision 54/42). The consultant presented his report to the 55th Meeting, outlining the approach taken and indicating that the Executive Committee had not adopted a standard definition of what was meant by administrative costs. Members felt that there had been insufficient time for full consideration of the assessment's contents and it was decided to reconsider the matter at the 56th Meeting.

31. The key issues arising from the assessment of the administrative costs were considered by the 56th Meeting and it was decided to maintain the existing administrative cost regimes for the bilateral and implementing agencies for the triennium. Implementing agencies were requested to provide

sufficient actual data in order to monitor the differences between administrative cost income and the costs incurred (decision 56/41).

## **C. BUSINESS PLANNING AND RESOURCE MANAGEMENT**

### **11. 2007 and 2008 business plans**

32. The 53rd, 55th and 56th Meetings reviewed the status of implementation of the 2007 and 2008 business plans respectively.

### **12. 2008-2010 business plans**

#### *Consolidated 2008-2010 business plan of the Multilateral Fund*

33. The 54th Meeting noted the consolidated 2008-2010 business plan of the Multilateral Fund and, with respect to HCFC activities, requested the Secretariat to include an HCFC analysis in future versions of the compliance-oriented model/three-year phase-out plan. Implementing agencies were requested to include tonnage for all HCFC activities, excluding preparatory projects, based on current practices or any modifications subsequently approved by the Executive Committee. It was decided to remove from the business plans HCFC demonstration and investment activities and associated project preparation, and costs related to technical assistance for start-up, and to reconsider including those activities in the business plans at the 56th Meeting. It was also agreed to remove ODS disposal activities from the business plans, with the exception of project preparation for Japan's ODS destruction demonstration project subject to certain conditions. With respect to metered-dose inhaler (MDI) investment activities in the business plans, a number of conditions for their inclusion were agreed. Bilateral and implementing agencies were urged to continue their efforts to implement approved projects to ensure the expected phase-out of 28,201 ODP tonnes in 2008 (decision 54/5).

#### *Bilateral cooperation*

34. The 2008-2010 business plans for bilateral cooperation were reviewed by the 54th Meeting, which made a number of adjustments and recommendations (decision 54/6).

#### *Implementing agencies*

35. The 54th Meeting also approved the 2008-2010 business plans of the implementing agencies, after a number of amendments had been made and after the removal of HCFC demonstration and investment activities and ODS disposal activities, as indicated above (decisions 54/7, 54/8, 54/9 and 54/10).

### **13. Model rolling three-year phase-out plans: 2008-2010 and 2009-2011**

36. The 53rd Meeting adopted the 2008-2010 model rolling three-year phase-out plan as a flexible guide for resource planning for the corresponding period and urged Article 5 countries with approved projects not yet implemented, as well as the cooperating bilateral and implementing agencies, to accelerate the pace of implementation during the period. Bilateral and implementing agencies were also urged to work with those countries that had been identified as in need of immediate assistance to achieve the 2007 and 2010 phase-out targets in the Protocol and to include activities in their 2008-2010 business plans as appropriate (decision 53/5).

37. The model rolling three-year phase-out plan for 2009-2011 was addressed by the 56th Meeting, which adopted it as a flexible guide for resource planning for the corresponding triennium. The recommendations to the bilateral and implementing agencies outlined in paragraph 36 above were re-emphasized and the Secretariat was requested to present an updated model three-year rolling phase-out plan for 2010-2012 to the last Meeting of the Executive Committee in 2009 to provide guidance for the preparation of the Multilateral Fund's 2010-2013 business plan (decision 56/5).

## 14. Compliance with the initial and intermediate control measures of the Montreal Protocol

38. The 53rd Meeting considered proposed modifications to reporting on projects with implementation delays in the context of compliance issues, as well as proposals for a more comprehensive assessment of risk and possible indicators of the risk of non-compliance, to be developed further in cooperation with the implementing agencies and interested Parties. The Fund Secretariat was requested to revise the document on the status of compliance and to include data on project implementation delays, an assessment of risks of non-compliance based on criteria, and at the same time to consult with countries and agencies to ensure that Article 5 countries were involved in the process (decision 53/4).

39. The 54th Meeting considered the first assessment of the risk of non-compliance prepared by the Fund Secretariat. Concern was expressed that so many Parties had been listed as being “at risk of non-compliance” and it was suggested that the criteria for classifying a country as “at risk” might need to be refined. The Fund Secretariat was asked to continue its efforts to obtain feedback from Article 5 countries on the risk assessment, the general indicators of possible risk of non-compliance therein, and their ability to achieve compliance (decision 54/4). At the 55th Meeting, the Committee requested a revision of the risk of non-compliance indicators, taking into account comments by the Parties and with a view to achieving a consensus on their applicability (decision 55/4).

40. The key findings of the risk assessment were presented to the 56th Meeting. They showed that all 83 countries that had responded were confident that they would achieve and maintain compliance after having reviewed the risk assessment. Thirty-one Parties had provided comments on the risk assessment and, based on these, modifications to the indicators were proposed. It was decided that Parties would be given the opportunity to comment on the risk indicators up until the 57th Meeting and that, in the meantime, the current indicators would be used (decision 56/4).

## D. FUND ACHIEVEMENTS SINCE INCEPTION

### 15. Total ODS phased out

41. Since 1991, 5,789 projects and activities (excluding cancelled and transferred projects) had been approved, with the following geographical distribution: 2,446 projects and activities for countries in Asia and the Pacific; 1,458 for countries in Latin America and the Caribbean; 1,269 for countries in Africa, 338 for countries in Europe; and 278 with global coverage. Of the 427,619 tonnes of ODS to be eliminated when all these projects have been implemented, a total of 405,395 tonnes of ODS had already been phased out by the end of December 2007. A breakdown by production and consumption and by sector is given in table 1 of Annex I. The sectoral distribution of the actual phase-out is indicated in the table below:

Sectors	ODP tonnes phased out*
Aerosol	25,238
Foam	65,008
Fumigant (methyl bromide)	4,301
Halon: production and consumption	85,399
Projects in multiple sectors	455
Process agent (production and consumption)	44,520
National phase out plan	39,738
Production	86,528
Refrigeration	45,252
Several	583
Solvent	6,888
Sterilant	61
Tobacco expansion	1,424
Total:	405,395

\*Excluding cancelled and transferred projects

## 16. Funding and disbursement

42. The total funds approved by the Executive Committee since 1991 in order to achieve this phase-out and to implement both ongoing investment projects and all non-investment projects and activities were US \$2,368,316,574, including US \$236,759,109 for agency support costs (excluding cancelled and transferred projects). Of the total project funds approved, the amounts allocated to, and disbursed by, each of the implementing agencies and bilateral agencies, are indicated in the table below:

Agency	US \$ approved (1)	US \$ disbursed (2)
UNDP	557,527,258	447,528,865
UNEP	159,009,482	109,271,060
UNIDO	533,356,195	422,424,250
World Bank	991,648,922	853,622,530
Bilateral	126,774,717	85,497,110
Total	2,368,316,574	1,918,343,815

(1) As at 13 November 2008 (excluding cancelled and transferred projects)

(2) As at 31 December 2007 (excluding cancelled and transferred projects)

## E. FUNDING APPROVALS DURING THE REPORTING PERIOD

### 17. Projects and activities approved during the reporting period (53rd, 54th, 55th and 56th Meetings of the Executive Committee)

43. During the reporting period, the Executive Committee approved a total of 473 additional projects and activities, with a planned phase-out of 12,251 ODP tonnes in the production and consumption of controlled substances. The total funds approved amounting to US \$187,379,608 including US \$23,907,263 for agency support costs, for project/activity implementation, are as follows by agency:

Agency	US \$	US \$ Support	US \$ Total
UNDP	31,342,978	6,054,459	37,397,437
UNEP	31,965,289	2,702,295	34,667,584
UNIDO	43,607,711	6,951,186	50,558,897
World Bank	48,711,549	7,241,340	55,952,889
Bilateral	7,844,818	957,983	8,802,801
Total	163,472,345	23,907,263	187,379,608

### 18. 2007 and 2008 work programmes

44. The 53rd Meeting considered and approved amendments to the 2007 work programmes of UNDP, UNEP and UNIDO, subject to certain conditions (decisions 53/16, 53/19 and 53/20). At the 54th Meeting, the Committee approved amendments to UNEP's 2008 work programme (decisions 54/15, 54/17 and 54/19-22), the 2008 work programmes of UNDP (decisions 54/15 and 54/24-27), UNIDO (decisions 54/15, 54/29 and 30), and the World Bank (decision 54/15), stipulating a number of conditions. Although requests for project preparation for HPMPs were removed from the business plans, the Executive Committee indicated that requests for preparatory funding could be made to the 55th Meeting. Nevertheless, an advance was approved for UNDP, UNEP and UNIDO representing 10 per cent of the project preparation requests submitted by the agencies, to be deducted from any amounts to be approved for future HPMP preparation requests (decisions 54/18, 54/23 and 54/28 respectively).

45. The 55th Meeting approved amendments to the 2008 work programmes of UNEP (decisions 55/23 and 24) and the World Bank (decision 55/34), subject to certain conditions. It also approved requests by UNDP (decision 55/20), UNEP (decision 55/22), UNIDO (decision 55/27) and the World



Bank (decision 55/33) for funding for HPMP preparation in line with the decisions taken by the Executive Committee.

46. Amendments to the work programmes of UNDP (decisions 56/22, 56/25 and 56/27), UNEP (decisions 56/29-33), UNIDO (decisions 56/36 and 56/38) and the World Bank (decision 56/39) were approved by the 56th Meeting, subject to a certain number of conditions. A number of amendments contained in the work programmes were deferred for consideration at a future Meeting.

## 19. Investment projects

47. Of the total funds approved in the period under review, the Executive Committee allocated US \$121,082,334 including US \$9,079,000 for agency support costs, for the implementation of investment projects to eliminate an estimated quantity of 12,202 ODP tonnes in consumption and production of ODS. A breakdown by sector is given in table 2 of Annex I to the present report.

48. The Executive Committee also approved 47 new agreements, including one agreement approved intersessionally and endorsed at the 53rd Meeting, with commitments in principle totalling US \$35,185,557 as well as three revised agreements. Details of the amounts per country and sector can be found in Annex III.

49. After having considered a draft decision submitted by the contact group, the 54th Meeting decided to approve in principle US \$3.17 million for closing down CFC production in India by 1 August 2008, 17 months ahead of the existing phase-out schedule, subject to certain conditions (decision 54/37). The relevant draft agreement between the Government of India and the Executive Committee was submitted to the 55th Meeting, but was withdrawn by the World Bank as the Government of India required more time to examine the text. The World Bank submitted the revised draft agreement to the 56th Meeting, which approved it.

## 20. Non-investment activities

### *Technical assistance and training*

50. During the period under review, 15 technical assistance projects amounting to US \$2,235,068 including US \$203,468 for agency support costs, were approved, bringing the cost of technical assistance projects and training activities approved since the inception of the Multilateral Fund to a total of US \$141,087,030. This amount does not include the non-investment components of the multi-year phase-out agreements (MYAs).

### *Institutional strengthening*

51. During the reporting period, US \$9,573,446 including agency support costs of US \$340,106 were approved for institutional strengthening projects. This brings the total approvals by the Executive Committee to US \$73,539,294 for institutional strengthening projects in 143 Article 5 countries. When approving funding for institutional strengthening projects, the Executive Committee expressed certain views that were annexed to the reports of the respective meetings.

### *Country programmes*

52. During the period under review, the Executive Committee approved country programmes for Eritrea, Montenegro and Saudi Arabia (decisions 53/36 and 54/38). It also approved a country programme update for Nigeria (decision 54/38) and noted the submission of a revised country programme update for the Islamic Republic of Iran. The total number of country programmes approved since the Committee's inception is 140, covering the estimated baseline production of 140,088.1 ODP tonnes of CFCs and halons and baseline consumption of 199,127.5 tonnes of controlled substances (as stated in the country programme documents).

## **F. MONITORING AND EVALUATION**

### **21. Progress reports**

53. The 55th Meeting noted the consolidated progress report of the Multilateral Fund as at 31 December 2007, as well as the progress reports on bilateral cooperation and by the implementing agencies. The Executive Committee made a number of recommendations and requests in the course of its consideration (decisions 55/5-10).

### **22. Project completion reports (PCRs)**

54. The 53rd Meeting considered the 2007 consolidated project completion report, which contained an overview of the results reported in the PCRs since the 50th Meeting, together with lessons learned during the implementation of MYAs. The implementing and bilateral agencies concerned were urged to establish full consistency of data reported in the PCRs, in the inventory and in the annual progress reports, and to clear the backlog of PCRs (decision 53/6).

55. The 2008 consolidated project completion report was considered by the 56th Meeting, which requested the bilateral and implementing agencies concerned to provide the information missing in a number of PCRs by the end of January 2009. They were also once again urged to establish full consistency of data reported and to clear the backlog of PCRs (decision 56/7).

### **23. Project implementation delays**

56. At the four Meetings held during the period under review, the Executive Committee noted that, with regard to projects classified as having implementation delays, the Secretariat would take the established action according to its assessment of status and would notify the governments and implementing agencies concerned (decisions 53/9, 54/4, 55/4 and 56/4).

### **24. Annual tranche submission delays**

57. The 53rd Meeting noted that 14 of the 57 annual tranches of multi-year agreements due for submission had not been submitted on time and that 10 had been withdrawn because of the low levels of disbursement of funds and/or slow implementation.

58. At the 54th Meeting, it was noted that 26 of the 53 annual tranches of multi-year agreements due for submission had been submitted on time and that 27 had not been submitted. The 55th Meeting noted that 31 of the annual tranches had been submitted on time, but that 21 had not been submitted. At the 56th Meeting, the Executive Committee was informed that 34 of the 64 annual tranches due for submission had been submitted and 30 had either not been submitted on time or not submitted at all.

59. At all the Meetings during the period under review, it was decided to send letters to the relevant countries and agencies concerning the annual tranches that were due for submission but had not been submitted to the appropriate Meeting (decisions 53/10, 54/12, 55/3 and 56/3).

### **25. Progress reports on approved projects with specific reporting requirements**

60. All the Meetings during the period under review noted the progress reports submitted pursuant to specific reporting requirements and took the required action (decisions 53/11, 54/13, 55/12 and 56/9).

### **26. Review of the new format for reporting on multi-year agreements, including terminal phase-out management plans**

61. The 53rd Meeting was apprised of the results of the workshop held to review and discuss reporting on multi-year agreements in the light of experience gained in using the new format. Overall, the experience had been positive, although some difficulties had been encountered in filling in the data. A final format would be prepared in the light of the comments made and submitted to the Executive Committee at a subsequent Meeting.

## 27. Implementation of the 2007 monitoring and evaluation work programme

### *Extended desk study on low volume methyl bromide projects*

62. The 53rd Meeting considered the report on the extended desk study on low volume methyl bromide projects, noting that the majority of countries had complied with the freeze from 2002 and the 20 per cent reduction from 2005 and that according to latest reported consumption data only five Article 5 countries were in non-compliance with that reduction step.

### *Final report on the evaluation of management, monitoring and verification of national phase-out plans in non-low-volume-consuming countries*

63. The final report was considered at the 54th Meeting and, following a discussion, a number of recommendations were made for the consideration of Article 5 countries implementing phase-out plans, to implementing agencies and to UNEP's Compliance Assistance Programme regional offices (decision 54/11).

### *Desk study on the evaluation of institutional strengthening projects*

64. The desk study, which presented the results of the first phase of the evaluation of institutional strengthening projects, was submitted to the 54th Meeting.

## 28. Monitoring and evaluation work programme for the years 2008 and 2009

65. The 53rd Meeting approved the monitoring and evaluation work programme for 2008 at a budget of US \$326,000, together with the tables for submission of reports and the breakdown of the budget (decision 53/7). The Committee also requested that web-based country profiles, including information compiled for the compliance-risk assessment, be developed (decision 53/8).

66. After considering the draft monitoring and evaluation work programme for 2009, the Executive Committee decided to approve a reduced budget of US \$75,000 for some of the activities suggested in the draft programme in view of the departure of the Senior Monitoring and Evaluation Officer. The Secretariat, together with the assistance of an interim Monitoring and Evaluation Officer and consultants, was requested to finalize activities under way and to adhere to the draft timetable for the programme (decision 56/8).

## 29. Implementation of the 2008 monitoring and evaluation work programme

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

67. The 55th Meeting reviewed the report, which had focused on finalizing overview tables for multi-year agreements and on preparing draft country profiles.

### *Desk study on the evaluation of terminal phase-out management plans*

68. The desk study, which analysed the role of terminal phase-out management plans in helping low-volume-consuming countries meet CFC phase-out targets, was submitted to the 55th Meeting.

### *Final report on the evaluation of institutional strengthening projects*

69. The 56th Meeting considered the final report on the evaluation of institutional strengthening projects and requested the Fund Secretariat to take into account its findings in its review of the funding for institutional strengthening and made a number of recommendations to the bilateral and implementing agencies and the Fund Secretariat (decision 56/6).

## **G. POLICY MATTERS**

### **30. HCFC activities**

70. Although by decision 51/5 the Executive Committee had decided to remove HCFC activities and ODS disposal from the 2007-2009 business plans and to consider them at its first Meeting in 2008, following decision XIX/6 of the Nineteenth Meeting of the Parties on accelerating HCFC phase-out, the Executive Committee's attention had been drawn to the desire of countries to proceed with HCFC surveys.

71. The 53rd Meeting of the Executive Committee accordingly considered a discussion paper submitted by the Fund Secretariat on options for assessing and defining eligible incremental costs for HCFC consumption as a follow up to decision XIX/6. Following lengthy discussions, the Executive Committee took a number of decisions (decision 53/37) which are reflected in Annex IV to the present report.

72. The Secretariat was requested by the 53rd Meeting to prepare draft guidelines for the preparation of HCFC phase-out management plans incorporating HCFC surveys, taking into consideration comments and views relating to such guidelines expressed by Executive Committee Members at the Meeting and the submissions to the 54th Meeting. The Secretariat was also requested to prepare a preliminary discussion document analysing all relevant cost considerations surrounding the financing of HCFC phase-out, taking into account the views expressed by Executive Committee Members.

73. The Executive Committee approved 2008 expenditure of up to US \$150,000 to cover the cost of consultations with technical experts and other stakeholders required for the preparation of documents (decision 53/37).

74. The draft guidelines for HPMPs and the preliminary cost analysis of all relevant cost considerations concerning the financing of HCFC phase-out, prepared by the Secretariat, were submitted to the 54th Meeting. After having considered a revised text of the guidelines submitted by the contact group set up to discuss the issue, the Executive Committee adopted the guidelines for HPMPs contained in Annex IV to the present report (decision 54/39).

75. The 54th Meeting also considered a preliminary analysis of all relevant cost considerations concerning the financing of HCFC phase-out and requested the contact group established to address the guidelines for HPMPs also to address this issue. After hearing a statement from the facilitator of the contact group, the Executive Committee decided to consider a revised version of the analysis at its 55th Meeting (decision 54/40).

76. At its 55th Meeting, after considering the recommendations made by the contact group set up to address further the cost considerations of financing HCFC phase-out, the Executive Committee invited bilateral and implementing agencies to prepare and submit project proposals to the Secretariat for certain HCFC uses so that the Executive Committee could choose those projects that best demonstrated alternative technologies and facilitated the collection of accurate data on incremental capital cost and incremental operating costs or savings, as well as other data relevant to the application of the technology, on the understanding that the quantity of HCFCs to be phased out under those projects would be deducted from the starting point for sustained aggregate reductions in eligible consumption as set by the HPMP.

77. The Executive Committee noted the limited introduction of several of the HCFC alternative technologies available to date in Article 5 countries, the need to validate them and optimize their use in the light of the local conditions prevailing in Article 5 countries, and the wide variation in the costs of replacement equipment and raw materials. Accordingly, the Secretariat was requested to gather technical information related to HCFC phase-out in the aerosols, fire extinguishers and solvents sectors on an ongoing basis, to review any project in those sectors when submitted and to refer it, as appropriate, for individual consideration by the Executive Committee. Any decision on policies for the calculation of incremental operating costs or savings from HCFC conversion projects, as well as the establishment of cost-effectiveness thresholds, would be deferred until the first meeting in 2010 in order

to benefit from the experience gained through review of HCFC phase-out projects as stand-alone projects and/or as components of HPMPs.

78. The technical information contained in document UNEP/OzL.Pro/ExCom/55/47 was deemed sufficient to enable preparation, review and submission on a case-by-case basis of a number of stand-alone projects for HCFC phase-out in the foam, refrigeration and air conditioning sectors. Bilateral and implementing agencies were invited, as a matter of urgency, to prepare and submit a limited number of time-specific project proposals involving interested systems houses and/or chemical suppliers for the development, optimization and validation of chemical systems for use with non-HCFC blowing agents. As part of the projects, following the development and validation process, the collaborating systems houses should provide technology transfer and training to a selected number of downstream foam enterprises to complete the phase-out of HCFCs in those enterprises. Agencies should collect and report accurate project cost data as well as other data relevant to the application of the technologies. In order to be of benefit for the preparation and implementation of the HPMPs, as well as any stand-alone projects, these specific projects should be completed within a period not exceeding 18 months and a progress report on each of the two implementation phases outlined should be made available to the Executive Committee. Bilateral and implementing agencies and relevant collaborating systems houses were encouraged to address the technological issues surrounding preparation and distribution of premixed polyols containing hydrocarbon blowing agents. These agencies were also invited to submit a limited number of demonstration projects for the conversion of HCFC projects in the refrigeration and air conditioning sub-sectors to low-global warming potential (GWP) technologies to identify all the steps required and to assess their associated costs.

79. The Executive Committee decided to continue its deliberations on policy relating to second-stage conversions and determination of the cut-off date for installation of HCFC-based manufacturing equipment after which incremental costs for the conversion of such equipment would not be eligible for funding, with a view to concluding its consideration prior to submission of stand-alone projects, which could commence at the 56th Meeting. It also decided to analyse further whether an approach of the type outlined in document UNEP/OzL.Pro/ExCom/55/47 provided a satisfactory and transparent basis for the prioritization of HCFC phase-out technologies to minimize other impacts on the environment, including on the climate as originally envisaged in decision XIX/6 of the Nineteenth Meeting of the Parties, and requested the Secretariat to continue with its evaluation in order to report in a more detailed fashion at a subsequent Executive Committee Meeting. Finally, the Executive Committee decided to consider, at a future Meeting, issues relating to whether or not to retire, prematurely, functioning equipment once the 2013 and 2015 compliance targets had been addressed (decision 55/43).

80. The Secretariat was asked to approach other institutions with a view to identifying individual, regional or multilateral funding mechanisms that might be suitable and compatible as sources for timely co-financing to top up Multilateral Fund ozone funding in order to achieve additional climate benefits and to provide a further report to a future Meeting.

81. The 55th Meeting also considered the contact group's recommendations on preparation of HPMPs and took the decision reflected in Annex IV to the present report (decision 55/13). In addition, the Secretariat was requested to prepare for the 56th Meeting a cost structure for determining funding levels for the preparation of HCFC investment and associated activities, seeking input from the bilateral and implementing agencies on their experience with CFC sector plans and national phase-out plans. The Secretariat was also asked to apply the cost structure to any submissions for the preparation of HCFC investment and associated activities received from bilateral and implementing agencies at the 56th Meeting.

82. The 56th Meeting discussed the procedures and practices used during the previous production phase-out for controlled substances, the calculation of closure costs, synchronization of the HCFC production and consumption phase-out, the need for incentives for early closure and disincentives for late closure of HCFC facilities, the need for robust monitoring, issues related to production sector cut-off dates and swing plants and whether further information about clean development mechanism processes was needed.. Consensus was reached on a number of issues, but differences of opinion remained concerning swing plants. It was agreed that the issues of cut-off dates for the production sector and swing plants should be deferred to a future meeting. The Secretariat was requested to provide a summary of information publicly available on relevant elements of the operation of the clean development mechanism (CDM) and the amounts of HCFC-22 production available for credits as a first

step. It was agreed that, at the 57th Meeting, the production sector sub-group should continue the discussion on the various elements of a decision on the HCFC production sector (decision 56/64).

83. At the 56th Meeting the Executive Committee expressed the wish to bring to the attention of the Twentieth Meeting of the Parties the complexity of issues related to HCFC phase-out, and in particular those arising from the mandate provided in decision XIX/6 in respect of consideration of the cut-off date, second conversions, impacts on climate change and energy efficiency.

84. Issues related to relevant cost considerations surrounding the financing of HCFC phase-out were discussed at the 56th Meeting and, after a discussion, it was decided to continue the deliberations on the issue of second conversions and cut-off dates in the light of the mandate provided by the Nineteenth Meeting of the Parties (decision 56/65).

### **31. Definition of consumption under a performance-based agreement**

85. The Executive Committee, at its 53rd Meeting, considered the issue of consumption under performance-based agreements, in particular in relation to India, and penalties for exceeding CFC consumption. Confirmation was sought that India's consumption of CFC for MDI s was considered to be part of its CFC consumption under the agreement and that stockpiling of CFCs for MDIs in 2006 and for servicing and exports in subsequent years was also considered to be part of CFC consumption under the agreement. After hearing the report of the facilitator of the contact group, the Executive Committee decided to discuss the issue at its 54th Meeting.

86. The 54th Meeting reviewed the issue in the context of India's national CFC consumption phase-out plan and heard a report from the facilitator of the contact group. After noting with concern the over-consumption of 2,181 metric tonnes of CFCs in 2006 and 2007 as compared to the maximum allowable consumption limit established in the agreement between India and the Executive Committee, it calculated the penalty and made a number of stipulations for inclusion in the CFC consumption sector agreement (decision 54/35).

### **32. Operation of the Executive Committee**

87. The 53rd Meeting considered a report on the issue of the number of Executive Committee meetings in light of the guidance given by the Nineteenth Meeting of the Parties. After having considered the two options available, either to maintain the status quo of three Meetings per year or to hold two regular Meetings with a special meeting on HCFCs, further discussion was deferred until the 54th Meeting (decision 53/40). The 54th Meeting, after considering the report on the operation of the Executive Committee, decided to maintain the status quo of holding three Meetings per year, but to return to the issue at the 57th Meeting (decision 54/43).

### **33. Slow rate of project completion and options to address the issue**

88. The 53rd Meeting considered a policy paper on issues raised in the context of annual progress reports with regard to project completion dates, which analysed the reasons for delays. The Executive Committee requested bilateral and implementing agencies to provide planned completion dates for ongoing projects at the last Meeting of the Executive Committee each year (decision 53/38).

### **34. Possible funding arrangements and levels for institutional strengthening support beyond 2010 and opportunities to fine-tune the institutional strengthening renewal process**

89. The 53rd Meeting of the Executive Committee considered options for possible funding arrangements and levels for institutional strengthening support beyond 2010, and opportunities to fine-tune the institutional strengthening renewal process. After considering the report of the contact group set up to discuss the issue, the Executive Committee noted that the anticipated actions required by Article 5 countries to meet compliance obligations after 2010 provided an indication that funding support for institutional strengthening would likely be needed after 2010, and that possible funding arrangements and levels for institutional strengthening support beyond 2010 would have to be examined, especially in light of decision XIX/6 of the Nineteenth Meeting of the Parties, which

imposed new obligations with respect to accelerated HCFC phase-out. Accordingly, the Fund Secretariat was requested to review possible funding arrangements and levels for capacity building, to explore the extent, nature and eligibility of any additional measures that might be considered for funding by the Executive Committee to address activities for HCFC phase-out consistent with guidelines pertaining to institutional strengthening activities to be agreed by the Executive Committee and to report to the Executive Committee by the first Meeting of 2009 (decision 53/39).

### **35. Funding for losses resulting from war situations**

90. The issue was discussed at the 54th Meeting in connection with the conflict situation in Lebanon in 2006. The Executive Committee decided, on an exceptional basis, to approve an additional amount for Lebanon (decision 54/14).

### **36. Study on the collection and treatment of unwanted ozone-depleting substances (ODS) in Article 5 and non-Article 5 countries**

91. The 54th Meeting heard a presentation on the study on the collection and treatment of unwanted ODS in Article 5 and non-Article 5 countries carried out by a consultant. Members were requested to submit any comments of a technical nature to the Secretariat following which, and in accordance with decision XVIII/9 of the Eighteenth Meeting of the Parties, the final study was transmitted to the Ozone Secretariat for consideration by the Open-ended Working Group at its twenty-eighth meeting and subsequent transmission to the Twentieth Meeting of the Parties.

### **37. Study on financing the destruction of unwanted ODS**

92. At its 55th Meeting the Executive Committee approved an amendment to the World Bank's work programme approving the terms of reference for a study on financing the destruction of unwanted ODS to be carried out by the World Bank (decision 55/34). As funding for the study was only approved in July 2008, the 56th Meeting was informed that there had not been sufficient time to commission and complete the study. It was expected that the final draft would be ready in time for submission to the 59th Meeting.

### **38. Study for the phase-out of CTC in the chlor-alkali sector (decision 52/31(b))**

93. The 55th Meeting considered a report from the World Bank providing a global assessment of CTC phase-out in the chlor-alkali sector. The objective of the study was to examine technologies and sector plans relevant to the phase-out of CTC in the production of chlorine with a view to identifying more cost-effective alternatives.

### **39. CTC as feedstock and process agents and the co-production of CTC in Article 5 countries (decisions 51/36 and 52/44)**

94. The Co-Chair of the Technology and Economic Assessment Panel (TEAP) reported briefly to the 55th Meeting on the Panel's progress report on the reconsideration of CTC emissions. The Secretariat was requested to take into account the information to be provided by TEAP in response to decision XVIII/10 of the Eighteenth Meeting of the Parties, as well as any decisions taken at the Twentieth Meeting on additional process agent uses, and to report thereon to the 58th Meeting of the Executive Committee (decision 55/45).

## **H. INFORMATION**

95. Information material on the Multilateral Fund had been provided during an exhibition and side event on inter-linkages between ozone and climate held during the meetings of the Climate Change Convention and the Kyoto Protocol in Bali in December 2007.

## **I. FUND SECRETARIAT ACTIVITIES**

96. During the period under review, the Fund Secretariat had taken action pursuant to the decisions taken by the Executive Committee at its 53rd, 54<sup>th</sup> and 55th Meetings. It had also prepared documentation and provided conference services for those Meetings and for the 56th Meeting. Proposals for projects and activities from implementing agencies and bilateral partners had been submitted amounting to US \$353,919,452.

97. The Secretariat had analysed and reviewed 679 funding requests and provided comments and recommendations for the Executive Committee's consideration. The requested level of funding, following project review, for approval at the four Meetings amounted to US \$297,133,809.

98. In addition to the documents customarily prepared for Executive Committee Meetings, the Secretariat had also prepared documents, *inter alia*, on the policy matters referred to in section G above.

99. During the period under review, the Executive Committee was informed of requests received for information from other multilateral environmental agreement secretariats. The Fund Secretariat had responded to all the requests, taking into account the recommendations made by the Executive Committee.

100. The Executive Committee was also informed of the meetings attended by the Chief Officer and Fund Secretariat staff.

## **J. MATTERS RELATING TO THE MEETING OF THE PARTIES**

101. In response to decision XVI/36 of the Sixteenth Meeting of the Parties, requesting the Executive Committee to include a component in its annual report on the progress made and the issues encountered in its consideration of the recommendations contained in the executive summary of the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, the Executive Committee has annexed hereto its progress report to the Twentieth Meeting of the Parties (Annex II) and would propose to continue reporting on any further progress on the recommendations as requested by decision XVI/36 of the Parties in the context of its regular main report to the Meeting of the Parties.

102. Annex III contains a table showing the amount of HCFC-141b consumption phased in through projects using HCFCs as a replacement. This is in response to Executive Committee decision 36/56 (e), which states, *inter alia* "That the annual Executive Committee report to the Meeting of the Parties should state by country the amount of HCFC-141b consumption phased in through projects using HCFC as replacements, a consumption which would – in application of decision 27/13 – be excluded from funding at future stages".

## **K. REPORTS OF THE EXECUTIVE COMMITTEE**

103. The reports of the 53rd, 54th, 55th Meetings (UNEP/OzL.Pro/ExCom/53/67, UNEP/OzL.Pro/ExCom/54/59, UNEP/OzL.Pro/ExCom/55/53 respectively) and meeting summaries have been distributed to all Parties to the Montreal Protocol. The report of the 56th Meeting (UNEP/OzL.Pro/ExCom/56/64) and a meeting summary would shortly be distributed. These reports are available on request from the Fund Secretariat or can be accessed at the web site of the Fund Secretariat ([www.multilateralfund.org](http://www.multilateralfund.org)).



## Annex I

## Tables with Data on Project Approvals

Table 1: Sectoral distribution of phase-out in all approved projects and activities since inception\*

SECTOR	ODP APPROVED	ODP PHASED OUT
<b>Consumption</b>		
Aerosol	27,781	25,238
Foam	64,831	65,008
Fumigant	6,716	4,301
Halon	48,376	44,941
Multi-sector	670	455
Other	1,380	1,424
Process agent	6,210	5,770
Refrigeration	50,837	45,252
Solvent	7,230	6,888
Sterilant	55	61
Phase-out plan	38,133	29,610
Several	753	583
<b>Total consumption</b>	<b>252,972</b>	<b>229,531</b>
<b>Production</b>		
CFC	80,783	80,789
Halon	41,658	41,658
CTC	50,016	48,878
TCA	34	34
MBR	231	50
Multiple ODS	1,925	4,455
<b>Total production</b>	<b>174,647</b>	<b>175,864</b>

\* Excluding cancelled and transferred projects

Table 2: Sectoral distribution of approved investment projects since inception

Sector	ODP tonnes	US \$ approved
Aerosol	27,624	89,823,351
Foam	64,731	386,264,464
Halon	82,476	78,093,664
Fumigant	6,403	92,111,508
Multi-Sector	670	2,568,987
Other	1,380	17,023,270
Process agent (consumption and production)	44,960	128,340,271
Production	84,172	327,173,410
Refrigeration	42,814	469,128,910
Phase-out plan	48,927	233,325,126
Solvent	7,192	101,303,636
Sterilant	55	1,198,819
<b>Total</b>	<b>411,404</b>	<b>1,926,355,416</b>

**Table 3: Agreements approved during the reporting period**

Country	Project	To be implemented by	Total phase-out ODP tonnes	Funding approved in principle (US \$)		
				Project funds	Support costs	Total
<b>Phase-out plans</b>						
Algeria	National CFC phase-out plan	UNIDO	284.6	921,500	69,113	990,613
Belize	Terminal phase-out plan for CFCs	UNEP/UNDP	3.7	295,000	30,590	325,590
Benin	Terminal phase-out plan for CFCs	UNEP/UNIDO	7.9	325,000	35,250	360,250
Burundi	Terminal phase-out plan for CFCs	UNEP/UNIDO	3.1	244,000	26,560	270,560
Cambodia	Terminal phase-out plan for CFCs	UNEP/UNDP	13.5	450,000	43,100	493,100
Cape Verde	Terminal phase-out plan for CFCs	UNEP	0.3	100,000	13,000	113,000
Central African Republic	Terminal phase-out plan for CFCs	UNEP/FRANCE	1.3	205,000	26,650	231,650
Chad	Terminal phase-out plan for CFCs	UNEP/UNDP	5.2	345,000	37,890	382,890
Chile	Terminal phase-out plan for CFCs	CANADA	32.9	437,500	56,875	494,375
Congo	Terminal phase-out plan for CFCs	UNEP/UNIDO	3.4	205,000	22,850	227,850
Dôte d'Ivoire	Terminal phase-out plan for CFCs	UNEP/UNIDO	44.1	565,000	57,885	622,885
Djibouti	Terminal phase-out plan for CFCs	UNEP/UNDP	3.15	285,000	31,170	316,170
El Salvador	Terminal phase-out plan for CFCs	UNEP/UNDP	46.0	565,000	45,125	610,125
Eritrea	Terminal phase-out management plan for CFCs	UNEP/UNIDO	4.2	345,000	37,850	382,850
Gambia	Terminal phase-out plan for CFCs	UNEP/UNDP	3.6	295,000	33,150	328,150
Guatemala	Terminal phase-out plan for CFCs	UNEP/UNDP	5.9	314,000	30,860	344,860
Guinea	Terminal phase-out plan for CFCs	UNEP/UNIDO	2.9	332,000	35,160	367,160
Guinea-Bissau	Terminal phase-out plan for CFCs	UNEP	3.9	100,000	13,000	113,000
Guyana	Terminal phase-out plan for CFCs	UNEP/UNDP	8.0	345,000	36,250	381,250
Honduras	Terminal phase-out plan for CFCs	UNEP/UNIDO	39.7	536,500	51,128	587,628
India	Accelerated CFCs Production	IBRD	690.0	3,170,000	238,000	3,408,000
Lao, DPR	Terminal phase-out plan for CFCs	France	6.5	320,000	41,600	361,600
Liberia	Terminal phase-out plan for CFCs	UNEP/UNDP	8.4	345,000	39,570	384,570
Malawi	Terminal phase-out plan for CFCs	UNEP/UNDP	8.7	345,000	37,930	382,930
Maldives	Terminal phase-out plan for CFCs	UNEP/UNDP	0.69	180,000	20,000	200,000

Country	Project	To be implemented by	Total phase-out ODP tonnes	Funding approved in principle (US \$)		
				Project funds	Support costs	Total
Mali	Terminal phase-out plan for CFCs	UNEP/UNDP	16.2	520,000	49,890	569,890
Mauritania	Terminal phase-out plan for CFCs	UNEP/UNDP	3.0	295,000	32,750	327,750
Mexico	Methyl Bromide	UNIDO/Italy/Spain/Canada	895.0	9,222,379	862,291	10,084,670
Montenegro	Terminal phase-out plan for CFCs	UNIDO	5.2	270,295	20,272	290,567
Morocco	Methyl Bromide (Green Beans and Melon)	UNIDO/Italy	106.2	1,437,594	124,870	1,562,464
Mozambique	Terminal phase-out plan for CFCs	UNEP/UNDP	2.3	251,500	27,995	279,495
Nicaragua	Terminal phase-out plan for CFCs	UNEP/UNDP	3.7	520,000	50,000	570,000
Niger	Terminal phase-out plan for CFCs	UNEP/UNIDO	4.8	333,000	35,930	368,930
Peru	Terminal phase-out plan for CFCs	UNEP/UNDP	35.0	522,000	47,675	569,675
Qatar	Terminal phase-out plan for CFCs	UNEP/UNIDO	15.0	432,500	39,038	471,538
Rwanda	Terminal phase-out plan for CFCs	UNEP/UNDP	4.6	345,000	38,130	383,130
Samoa	Terminal phase-out plan for CFCs	UNEP/UNDP	0.0	150,000	16,500	166,500
Sao Tome and Principe	Terminal phase-out plan for CFCs	UNEP/UNIDO	0.7	190,000	20,100	210,100
Saudi Arabia	National CFC phase-out plan	UNEP/UNIDO	782.0	1,835,000	159,900	1,994,900
Suriname	Terminal phase-out plan for CFCs	UNEP/UNDP	6.2	278,000	31,140	309,140
Swaziland	Terminal phase-out plan for CFCs	UNEP/UNDP	0.0	253,500	28,095	281,595
Tanzania	Terminal phase-out plan for CFCs	UNEP/UNDP	54.0	485,000	47,870	532,870
Togo	Terminal phase-out plan for CFCs	UNEP/UNDP	5.9	316,000	34,800	350,800
Uganda	Terminal phase-out plan for CFCs	France	1.9	215,000	27,950	242,950
Yemen	National ODS phase-out plan	UNEP/UNIDO	269.1	1,825,500	161,938	1,987,438
Yemen	Methyl Bromide	Germany	35.9	601,450	76,159	677,609
Zambia	Terminal phase-out plan for CFCs	UNEP/UNDP	4.1	245,000	27,490	272,490
Kenya*	Methyl Bromide	Germany/UNDP/UNIDO	97.0	1,595,811	179,157	1,774,968
Iran* (Islamic Republic of)	National CFC phase-out plan	Germany/France/UNEP/UNDP/UNIDO	1,708.5	11,017,251	1,071,877	12,089,128
Argentina*	Production CFC	IBRD	3,030.0	10,600,000	899,500	11,499,500

\*Revised agreements or conditions

## Annex II

### Assessment Report on the Recommendations in the 2004 Evaluation and Review of the Financial Mechanism of the Montreal Protocol

#### A. Introduction

1. This report is submitted by the Executive Committee pursuant to the following decision of the Meeting of the Parties:

(a) **“To request the Executive Committee of the Multilateral Fund, within its mandate, to consider the report on the 2004 evaluation and review of the financial mechanism of the Montreal Protocol, with a view to adopting its recommendations, whenever possible, in the process of continuous improvement of the management of the Multilateral Fund, and having in mind the need to contribute to the assessment of the Technology and Economic Assessment Panel of the 2006-2008 replenishment of the Multilateral Fund;**

(b) **To request the Executive Committee regularly to report back to and seek guidance from the Parties on the subject. To this effect, the Executive Committee shall submit a preliminary assessment to the Open-ended Working Group at its twenty-fifth meeting and include a component in its annual report to the Meeting of the Parties, on progress made and issues encountered in its consideration of the recommended actions contained in the executive summary of the evaluation report.”**

**(Decision XVI/36)**

2. A first report on the recommendations from the 2004 evaluation and review of the financial mechanism of the Montreal Protocol was prepared by the Secretariat for consideration by the Executive Committee at the 45<sup>th</sup> Meeting, as a follow-up to decision 44/60 (document Unep/OzL.Pro/ExCcom/45/51). The report was noted and the Executive Committee decided to “forward its assessment report on the recommendations in the 2004 evaluation and review of the financial mechanism of the Montreal Protocol for consideration at the 25<sup>th</sup> Meeting of the Open-ended Working Group” (decision 45/59).

3. The assessment report (document UNEP/OzL.Pro.WG.1/25/INF/3), based on the deliberations at the 45<sup>th</sup> Meeting, grouped the 28 recommendations contained in the 2004 Evaluation and Review of the Financial Mechanism of the Montreal Protocol into 3 categories, as follows.

Category I:

*“11 general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer and do not need any new action, but instead require regular follow-up at meetings of the Committee. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report”.* These include: recommendations 2, 6, 7, 15, 16, 18, 21, 22, 24, 25 and 28.

Category II:

*“Ten general recommendations are related to ongoing activities of the Executive Committee, the Secretariat, the Implementing Agencies and the Treasurer but may require new actions in the short term. The Executive Committee will report back to the Meeting of the Parties on these recommendations, as appropriate, in the context of its Annual Report”.* These include recommendations: 1, 3, 4, 9, 11, 12, 17, 20, 23 and 26.

Category III:

*“Seven general recommendations were considered not necessary to be implemented. Six because future action would be redundant in the light of recent developments or existing practices. One because of the potential negative incentive. The Executive Committee considers that there is no need for further reporting on these recommendations”.* These include recommendations 5, 8, 10, 13, 14, 19 and 27.

4. The following report therefore covers the recommendations falling under the first two categories where further work needed to be done and new information was available. As reported to the Eighteenth Meeting of the Parties, efforts with respect to recommendations 4, 6, 7, 11, 12, 16, 17, 18, 21, 22, 23, 25, and 28 have taken place on a regular basis as already reported in the past and no further action in addition to the existing practice of the Executive Committee is required. Under this reporting period, the recommendations 3 and 9 do not require further action by the Committee.

## **B. Recommendations under the first two categories**

### **GENERAL RECOMMENDATION 1: Make further structural changes to the Executive Committee, if necessary to specifically address compliance.**

5. A new assessment of the risk of non-compliance by Parties prepared by the Secretariat pursuant to decision 53/4(b) was considered at the 54<sup>th</sup> Meeting of the Committee; the assessment proved useful to the Implementation Committee and the Fund Secretariat in identifying any Parties that might need special actions to facilitate compliance. The 55<sup>th</sup> Meeting requested a revision of the risk of non-compliance indicators, taking into account comments by the Parties and with a view to achieving a consensus on their applicability.

**(Decision 55/4(f))**

### **GENERAL RECOMMENDATION 2: Continue to evaluate Executive Committee structure and consider reduction of annual meeting numbers.**

6. The 53<sup>rd</sup> Meeting considered a report on the issue of the numbers of Executive Committee meetings and deferred its decision until the 54<sup>th</sup> Meeting at which time it was decided to maintain the status quo of holding three meetings per year but to place the issue on the agenda for consideration at its 57<sup>th</sup> Meeting.

**(Decisions 53/40 and 54/43)**

### **GENERAL RECOMMENDATION 15: Increase efforts to improve country-level data reporting.**

7. The 53<sup>rd</sup> Meeting took note of the review of the new format for reporting on multi-year agreements, including the terminal phase-out management plans and requested the Senior Monitoring and Evaluation Officer to initiate the development of web-based country profiles including information compiled for the compliance-risk assessments requested under decision 53/4.

**(Decision 53/8)**

8. At its 55<sup>th</sup> Meeting, the Committee requested UNEP's CAP, through its regional networks, to include an item in the agenda of each of its network meetings to address reporting requirements of the Executive Committee, including the qualitative performance questionnaire, so as to ensure a better response to the survey in future

**(Decision 55/11)**

### **GENERAL RECOMMENDATION 20: Conduct a study regarding the efficiency of implementing agency administration of smaller projects.**

9. The Secretariat was requested at the 50<sup>th</sup> Meeting of the Executive Committee to undertake a comprehensive independent assessment of the administrative costs required for the 2009-2011 triennium. The report of the consultant contracted for this task was submitted to the Committee at its 55<sup>th</sup> Meeting but not having had sufficient time for full consideration of its content, the Committee decided to reconsider the matter at its 56<sup>th</sup> Meeting in the context of the evaluation of the UNEP CAP and applicable implementing agencies' core unit costs budgets, and requested the Secretariat to prepare, for that meeting, a review of the report, laying out some of the key issues for consideration by the Committee, including the issue of developing a common definition of administrative costs.

**(Decision 55/44)**

10. The key issues arising from the assessment of the administrative costs were considered by the 56th Meeting and it was decided to maintain the existing administrative cost regimes for the bilateral and implementing agencies for the triennium. Implementing agencies were requested to provide sufficient actual data in order to monitor the differences between administrative cost income and the costs incurred.

(Decision 56/41)

**GENERAL RECOMMENDATION 24: Take action to encourage timely payment by the donor countries.**

11. Throughout the reporting period the Executive Committee urged all Parties to pay their contributions to the Multilateral Fund in full and as early as possible.

(Decisions 53/1, 54/2, 55/1)

12. The Executive Committee at its 54<sup>th</sup> Meeting decided to emphasize the Committee's concerns in relation to the arrears in contributions to the Multilateral Fund in light of the 2010 phase-out target.

(Decision 54/2(c))

13. The Executive Committee at its 56<sup>th</sup> Meeting decided to bring the question of arrears in contributions to the Multilateral Fund to the attention of the Twentieth Meeting of the Parties.

(Decision 56/1)

**GENERAL RECOMMENDATION 26: Clarify how, when, and what financial data should be accounted and reported by implementing agencies.**

14. At its 53<sup>rd</sup> Meeting the Committee noted that the implementing agencies did not report expenditures on project support costs in the same way in their financial statements and in their progress reports and decided that, in order to facilitate future reconciliation exercises, the Treasurer should look at ways in which the implementing agencies reported expenditures on programme support costs in the progress reports and in the financial statements and report back to the Executive Committee at its 54th Meeting.

(Decision 53/42)

15. At its 54<sup>th</sup> Meeting the Secretariat presented feedback received from the implementing agencies on the methodology they use when reporting on expenditures incurred against the programme support costs for approved projects and provided a set of conclusions and recommendations for the consideration of the Executive Committee which had been incorporated into an independent study on administrative cost conducted Price Water House Coopers. The study addresses how, when and what financial data should be accounted and reported by the implementing agencies.

(Decision 54/41)

## Annex III

Amounts of HCFCs<sup>1</sup> Consumption Phased-in (ODP tonnes)

Country	CFC phased out in projects using HCFC technologies	HCFC phased in
Algeria	54.2	5.4
Argentina	740.9	73.4
Bahrain	15.3	1.5
Bolivia	11.0	1.1
Bosnia and Herzegovina	29.1	2.9
Brazil	4,830.8	476.1
Chile	167.8	16.6
Chile	68.7	3.6
China	5,329.6	528.2
China	4,753.3	247.8
Colombia	644.9	63.9
Costa Rica	33.1	3.3
Cuba	0.8	0.1
Dominican Republic	135.3	13.4
Egypt	484.4	37.4
El Salvador	18.3	1.8
Guatemala	45.4	4.5
India	4,500.5	433.3
Indonesia	2688.326	260.4
Iran	1,045.5	103.6
Jordan	330.3	32.7
Kenya	22.8	2.3
Lebanon	81.0	8.0
Libya	61.5	6.1
Macedonia, FYR	75.1	7.4
Malaysia	1,226.5	118.5
Mauritius	4.2	0.4
Mexico	2,106.3	193.6
Morocco	118.0	11.7
Nicaragua	8.0	0.8
Nigeria	383.2	38.0
Pakistan	781.1	77.4
Panama	14.4	1.4
Paraguay	66.5	6.6
Peru	146.9	14.6
Philippines	518.9	51.4
Romania	192.0	19.0
Serbia	44.2	4.4
Sri Lanka	7.2	0.7
Sudan	4.4	0.4
Syria	628.4	62.3
Thailand	2,022.6	199.4
Tunisia	234.9	20.3
Turkey	372.2	36.9
Uruguay	98.1	9.7
Venezuela	699.1	69.3
Vietnam	44.4	4.4
Yemen	9.7	1.0
Zimbabwe	11.3	1.1
<b>Total</b>	<b>35,910.5</b>	<b>3,278.0</b>

Note 1: ODP values as follows:

HCFC-123: 0.02  
 HCFC-22: 0.055  
 HCFC-141b: 0.11

## Annex IV

### Decisions on HCFC Phase-out Management Plans

#### *Prerequisites*

1. Ratification of or accession to the Copenhagen Amendment is a prerequisite for an Article 5 Party to access Multilateral Fund funding for phasing out the consumption of HCFCs.
2. Ratification of or accession to the Beijing Amendment is a prerequisite for an Article 5 Party to access Multilateral Fund funding for phasing out the production of HCFCs.
3. In the case of a non-signatory country, the Executive Committee might consider providing funding for conducting an HCFC survey and the preparation of an accelerated HCFC phase-out management plan, with the commitment of the government concerned to ratify or accede to the necessary Amendment and on the understanding that no further funding would be available until the Ozone Secretariat had confirmed that the government had ratified or acceded to that Amendment.
4. The existing policies and guidelines of the Multilateral Fund for funding the phase-out of ODS other than HCFCs would be applicable to the funding of HCFC phase-out unless otherwise decided by the Executive Committee in light of, in particular, decision XIX/6 of the Nineteenth Meeting of the Parties.
5. Institutions and capacities in Article 5 countries developed through Multilateral Fund assistance for the phase-out of ODS other than HCFCs should be used to economize the phase-out of HCFCs, as appropriate.
6. Stable and sufficient assistance from the Multilateral Fund would be provided to guarantee the sustainability of such institutions and capacities when deemed necessary for the phase-out of HCFCs.

#### *Guidelines for preparation of HPMPs*

7. Countries should adopt a staged approach to the implementation of an HCFC phase-out management plan (HPMP), within the framework of their over-arching-strategy.
8. As soon as possible and depending on the availability of resources, countries should employ the guidelines to develop, in detail, stage one of the HPMPs, which would address how countries would meet the freeze in 2013 and the 10 per cent reduction in 2015, with an estimate of related cost considerations and applying cost guidelines as they were developed.
9. The elaboration of stage one of the HPMP and subsequent stages should be developed as follows:
  - (a) For countries with consumption in the servicing sector only:
    - (i) Consistently with existing guidelines for the preparation of RMPs/RMP updates pursuant to Executive Committee decisions 31/48 and 35/57; and, if applicable, with the preparation of TPMPs pursuant to decision 45/54;
    - (ii) Including commitments to achieve the 2013 and 2015 HCFC control measures and include a performance-based system for HPMPs based on the completion of activities in the HPMP to enable the annual release of funding for the HPMP;
  - (b) For countries with manufacturing sectors using HCFCs, HPMPs should contain a national performance-based phase-out plan (NPP) with one or several substance or sector-based phase-out plans (SPP) consistent with decision 38/65 addressing consumption reduction levels sufficient to achieve the 2013 and 2015 HCFC control



measures and provide starting points for aggregate reductions, together with annual reduction targets.

10. For countries that choose to implement investment projects in advance of completion of the HPMP:

- (a) The approval of each project should result in a phase-out of HCFCs to count against the consumption identified in the HPMP and no such projects could be approved after 2010 unless they were part of the HPMP;
- (b) If the individual project approach was used, the submission of the first project should provide an indication of how the demonstration projects related to the HPMP and an indication of when the HPMP would be submitted;

11. Consideration should be given to providing funding for assistance to include HCFC control measures in legislation, regulations and licensing systems as part of the funding of HPMP preparation as necessary and confirmation of the implementation of the same should be required as a prerequisite for funding implementation of the HPMP.

12. In cases where there are multiple implementing agencies in one country, a lead agency should be designated to coordinate the overall development of stage one of the HPMP.

13. HPMPs should contain cost information at the time of their submission based on and addressing:

- (a) The most current HCFC cost guidelines at the time of submission;
- (b) Alternative cost scenarios based on different potential cut-off dates for new capacity if a specific cut-off date has not yet been decided, for funding eligibility of manufacturing facilities as specified in decision 53/37(k), as well as the current policy for a 25 July 1995 cut-off date;
- (c) Alternative cost scenarios for the operational and capital costs for second conversions;
- (d) The incremental costs of regulating import and supply to the market of HCFC dependent equipment once proven alternatives became commercially available in the country and describing the benefits to the servicing sector of associated reduced demand;
- (e) Cost and benefit information based on the full range of alternatives considered, and associated ODP and other impacts on the environment including on the climate, taking into account global-warming potential, energy use and other relevant factors.

14. Countries and agencies are encouraged to explore potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties.

15. HPMPs should address:

- (a) The use of institutional arrangements mentioned in decision 53/37(e) and (f);
- (b) The roles and responsibilities of associations of refrigeration technicians and other industry associations and how they could contribute to HCFC phase-out.

16. HPMPs should, as a minimum, fulfil the data and information requirements, as applicable, listed in the indicative outline for the development of HPMPs, as set out in Annex XIX to the report of the 54th Meeting of the Executive Committee.

*Funding for preparation of HPMPs*

17. A discount of 25 per cent would be applied to the survey component of the funding for preparation of HPMPs to be approved for countries that had received funding for HCFC surveys, on the understanding that the countries had flexibility in utilizing the agreed project preparation funding.
18. Countries that had reported zero HCFC consumption would receive US \$30,000 for the preparation of HPMPs.
19. Countries that had reported zero HCFC consumption could submit requests for additional funding for HPMP preparation if levels of HCFC consumption greater than zero were identified during preparation and reported under Article 7.
20. The above provisions did not apply to China.

*Cost structure for funding preparation of HCFC investment and associated activities*

21. Define the elements of a cost structure for funding the preparation of an overall HCFC phase-out management plan (HPMP) in line with decision 54/39 and comprising several components as follows:
- (a) Assistance for policy and legislation, e.g. to develop new or extend existing legislation regarding HCFC, products containing HCFCs, quotas, and licences;
  - (b) Survey of HCFC use and analysis of data;
  - (c) Development and finalization of the HPMP including its stage one to address the 2013 and 2015 control measures, the latter being akin to a terminal phase-out management plan (TPMP) or a refrigeration service sector plan;
  - (d) Development of investment activities for the HCFC-consuming manufacturing sectors for stage one of an HPMP, if such activities were necessary.
22. Provide funding for elements in paragraph 21(a) to (c) above as specified in the table below, based on the countries' HCFC consumption for 2007, while applying decision 55/13(a), (b) and (c):

<b>Group according to consumption pattern</b>	<b>Funding for above components (b)(i) to (iii)</b>
Countries with zero consumption of HCFC	US \$30,000
Countries with consumption only of HCFC-22, or consumption below 6 ODP tonnes/year	US \$85,000
Countries with medium consumption, between 6 ODP tonnes/year and 100 ODP tonnes/year	US \$150,000
Countries with consumption higher than 100 ODP tonnes/year	US \$195,000

23. Limit the maximum funding provided for the element in paragraph 21(d) of the HPMP for any country with a manufacturing sector using HCFCs as per the following table based on the countries' HCFC consumption for 2007, on the understanding that those limits represented maximum amounts and requests for project preparation would have to justify the level of funding up to that amount, and on the understanding that preparation costs for demonstration projects according to decision 55/43 paragraphs (b) to (f) were not taken into account when calculating that level of funding:

<b>Consumption limit (ODP tonnes)</b>	<b>Investment preparation limit</b>
Up to 100	\$100,000
101 –300	\$200,000
301-500	\$250,000
501 – 1,000	\$300,000
1,001 and above	\$400,000

24. Define five manufacturing sub-sectors as follows: air-to-air air conditioning systems; refrigeration (including all refrigeration, heat pumps and air conditioning sub-sectors except air-to-air air conditioning systems); polyurethane foam; extruded polyurethane (XPS) foam; and solvent uses in manufacturing.

25. Provide funding for the element in paragraph 21(d) of the HPMP for countries with manufacturing capacity up to a maximum specified below, to be determined by the total number of enterprises to be converted under HPMP stage one in the relevant sub-sector as defined under paragraph 24 above, excluding those enterprises with demonstration projects that might be chosen by the Executive Committee according to decision 55/43, paragraphs (b) to (f):

- (a) One enterprise to be converted in a manufacturing sector: US \$30,000;
- (b) Two enterprises to be converted in a manufacturing sector: US \$60,000;
- (c) Three to 14 enterprises to be converted in a manufacturing sector: US \$80,000;
- (d) Fifteen or more enterprises to be converted in a manufacturing sector: US \$150,000.

26. In the case where Parties wish to submit requests for preparation of sub-sector plans in the approved sectors, the total funding available for all sub-sector plans in each sector should not exceed US \$150,000.

27. Not to apply the provisions in paragraphs 22, 24 and 25 above to China.

28. Request 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 ODP tonnes phase-out to be achieved, the enterprise(s) to be addressed, if relevant, and the date when they began operation, 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:

- (a) Stand-alone demonstration projects (55/43) in a manufacturing sector, per project: US \$30,000;
- (b) Umbrella demonstration projects (55/43) with three to 14 beneficiaries in one manufacturing sector, per umbrella project: US \$80,000;
- (c) Projects addressing 15 or more beneficiaries could not receive preparation funding for demonstration projects related to decision 55/43.

29. 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 structure, in particular with regard to investment and associated activities, to the Executive Committee when necessary.

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