

**AGENDA ITEM 7: PROJECT PROPOSALS****(a) Overview of issues identified during project review**

81. The representative of the Secretariat, introducing the item, said that document UNEP/OzL.Pro/ExCom/55/17 provided the statistics on the submissions to the 55<sup>th</sup> Meeting received from implementing and bilateral agencies; an assessment of the fund balance available against the demand for funds from the submissions; and a presentation of the policy issue identified by the Secretariat from its review of the submissions. Of the funding requests submitted, 200 (85 per cent of the total), with a value of US \$87 million (94 per cent of the total), were being forwarded to the Executive Committee for consideration. Of those, 35 (amounting to US \$20.2 million) were recommended by the Secretariat for blanket approval, and 165 were recommended for individual consideration. The cash availability of the Fund was approximately US \$73 million, leaving a potential shortfall of US \$14 million depending on the funding levels approved.

Preparation of HCFC phase-out management plans

82. The only policy issue the Secretariat wished to bring to the attention of the Executive Committee was the costing of HPMP preparation. A total of 144 requests for the preparation of HPMPs had been received from bilateral and implementing agencies for 107 countries, including China. The total level of funding requested was approximately US \$36.4 million. To achieve equity across countries and agencies, the Secretariat had developed uniform criteria for reviewing the submissions. A number of issues identified by the implementing agencies and others required resolution, including the validity of using levels of HCFC consumption as an indicator of the level and complexity of the phase-out effort; whether past cost data for similar activities were a useful guide in calculating the cost of HPMP preparation; the basis on which the requests from the implementing agencies for the cost of preparing activities or plans would be assessed, given the shortage of time for the collection of relevant information; how the activities of lead and cooperating agencies would be coordinated; and how funding levels would be calculated when two or more agencies were working together in one country.

83. Several Members expressed their support for the HPMP cost model prepared by the Secretariat and agreed with the Secretariat's recommendation that, for the sake of equity, no additional funding should be given for countries in which several agencies were working together.

84. The representatives of India and China stressed the specific characteristics of their countries, including their size, the myriad sectors affected and their complexity, and thus the need for multiple implementing agencies in order to harness expertise in all the required fields. They therefore requested that the Executive Committee consider their cases individually, in particular with regard to the level of funding for which they would be eligible.

85. Where there was more than one agency involved, one Member stressed the importance of clearly indicating each agency's respective role and responsibilities in implementing the various HPMP components. Another Member said that she was against approving preparation funding for countries with zero reported HCFC consumption, except when very small amounts of HCFC consumption had been rounded down to zero by the Ozone Secretariat. For countries that had already undertaken HCFC surveys within their HPMPs, she proposed that funding of the survey component of those HPMPs could be discounted by at least 50 per cent, as old surveys would merely require updating.

86. For countries that had been classified as having zero consumption because they had been unable to report their Article 7 data, the representative of the Secretariat suggested that initial funding of US \$50,000 could be recommended on the understanding that, if any consumption were to be identified during the survey, the country could return to the Executive Committee to request funding at the appropriate level. One Member recalled that, in countries that lacked the capacity to identify and/or report

on consumption, UNEP's CAP usually assisted them in meeting their reporting obligations. Another Member, from a country experiencing such difficulties, said that US \$50,000 was an insufficient amount of funding for HPMP preparation, even in a country that had reported zero consumption.

87. Another Member considered that a discount of 50 per cent on the funding for countries that had already conducted a survey was too high, given that information would often need to be updated, sometimes at significant cost. She suggested that a discount of 20 per cent might be more appropriate.

88. Given the importance that it attached to the issue of HPMPs, and of enabling the agencies to start work, the Executive Committee decided to refer consideration of the matter of funding for HPMPs to a contact group, facilitated by the United States of America. The group's deliberations would assist the Committee in its consideration of the proposed amendments to the 2008 work programmes of the bilateral and implementing agencies under agenda item 7(b) and (c).

89. The representative of the United States of America said that the contact group had discussed the following issues: the rate of discount to be applied to the HPMP preparation costs of those countries that had already received funding for HCFC surveys; the level of project preparation funding for countries that had reported zero HCFC consumption; the possibility of increased funding for those countries that might revise their reported HCFC consumption from zero to a higher level; and the proposed funding structure for the preparation of investment activities for those countries with manufacturing capabilities involving HCFCs.

90. On the basis of the recommendations of the contact group, the Executive Committee decided:

- (a) That a discount of 25 per cent should be applied to the survey component of the funding for preparation of the HCFC phase-out management plan (HPMP) to be approved for countries that had received funding for the HCFC surveys, on the understanding that the countries had flexibility in utilizing the agreed project preparation funding;
- (b) That countries that had reported zero HCFC consumption should receive US \$30,000 for the preparation of HPMPs;
- (c) That 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;
- (d) To request the Secretariat to prepare for the 56<sup>th</sup> 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;
- (e) To request the Secretariat to apply the cost structure to any submissions for the preparation of HCFC investment and associated activities to the 56<sup>th</sup> Meeting from the bilateral and implementing agencies; and
- (f) That the provisions in subparagraphs (b), (c), (d) and (e) above did not apply to China.

**(Decision 55/13)**