

- (f) With regard to the terminal phase-out management plan in Suriname:
- (i) To approve the agreement between the Government of Suriname and the Executive Committee for the terminal phase-out management plan contained in Annex IX to the present report at a total amount in principle of US \$278,000 (US \$153,000 for UNEP and US \$125,000 for UNDP) plus agency support costs of US \$31,140 (US \$19,890 for UNEP and US \$11,250 for UNDP);
 - (ii) To urge UNEP and UNDP to take full account of the requirements of decisions 41/100 and 49/6 of the Executive Committee during the implementation of the terminal phase-out management plan;
 - (iii) To approve the first tranche of the plan at US \$225,000 (US \$100,000 for UNEP and US \$125,000 for UNDP) plus agency support costs of US \$24,250 (US \$13,000 for UNEP and US \$11,250 for UNDP);
- (g) With regard to the terminal phase-out management plan in Swaziland:
- (i) To approve the agreement between the Government of Swaziland and the Executive Committee for the terminal phase-out management plan contained in Annex X to the present report at a total amount in principle of US \$253,500 (US \$132,000 for UNEP and US \$121,500 for UNDP) plus agency support costs of US \$28,095 (US \$17,160 for UNEP and US \$10,935 for UNDP);
 - (ii) To urge UNEP and UNDP to take full account of the requirements of decisions 41/100 and 49/6 of the Executive Committee during the implementation of the terminal phase-out management plan;
 - (iii) To approve the first tranche of the plan at US \$156,500 (US \$75,000 for UNEP and US \$81,500 for UNDP) plus agency support costs of US \$17,085 (US \$9,750 for UNEP and US \$7,335 for UNDP); and
- (h) That for projects related to renewal of institutional strengthening, blanket approval included approval of the observations to be communicated to recipient governments contained in Annex XI to the present report.

(Decision 56/15)

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

85. The representative of the Secretariat said that, in response to the request contained in decision 55/13(d), the Secretariat had discussed a proposed approach to determining the cost structure for investment project preparation with the implementing and relevant bilateral agencies. Document UNEP/OzL.Pro/ExCom/56/13 described a funding structure for the preparation of investment activities. On the basis of five defined manufacturing sectors, the Secretariat had developed a funding structure that resulted in costs of between US \$30,000 for a single enterprise and US \$150,000 per sector. Criteria for requests for preparation funds for demonstration projects were also included in accordance with decision 55/43, paragraphs (b) to (f), with a similar funding structure being proposed.

86. Several Members raised concerns that the document neither contained a definition of associated projects nor covered the refrigeration servicing sector, despite the sector often being a very large consumer of HCFCs and the biggest source of emissions of those substances. A number of Members

believed that it would be appropriate for the Meeting to set a cap on the cost of preparation of HPMP investment projects and to decide how to fund reconversion in the servicing sector. One Member said that LVC countries should be given funding for chiller projects as well as investment projects, in order to ensure their compliance.

87. The representative of the Secretariat clarified that heat pumps were treated as refrigeration systems and that in the case of solvent uses in the manufacturing sector a country would be advised of its project's eligibility via the Secretariat. Dealing with concerns that had been expressed by a number of Members regarding the servicing sector, he explained that document UNEP/OzL.Pro/ExCom/56/13 sought to address unfinished business from the previous Meeting of the Committee, which had taken decisions on preparatory funding for HPMPs, including activities akin to the refrigeration servicing sector plans but had not addressed the manufacturing sector. Since the development of investment activities for the manufacturing sectors for stage one of an HPMP had not been dealt with at the 55th Meeting, the decisions before the present Meeting only covered the remaining aspect of HPMP preparation. The refrigeration servicing sector had been addressed by the decisions taken at the 55th Meeting and was not the issue for the present Meeting.

88. One Member said that there was no compelling reason for changing the funding structures, and while US \$150,000 should be adequate for preparation funding for sector plans, if some agencies wished to develop sub-sector plans their total amount should not exceed that for the overall sector. She also said that there should be limits on total investment project funding. Another Member emphasized that the Meeting should not reopen what had been decided at the 55th Meeting concerning the costs agreed for other elements of the HPMP, which included the refrigeration servicing sector.

89. The representative of the Secretariat clarified that those small countries with a manufacturing sector could prepare investment projects and benefit from preparatory funding according to the normal rules. The funding being discussed at the present Meeting was complementary and additional to that which had been approved at the 55th Meeting.

90. The representative of UNEP explained, for the benefit of one Member, that general awareness-raising activities were supported by institutional strengthening funding through national ozone units, but more specific awareness-raising activities in individual sectors were often addressed under other projects. The representative of the Secretariat said that preparation for awareness-raising activities had been part of the three components (a) to (c) discussed at the 55th Meeting and reflected in document UNEP/OzL.Pro/ExCom/56/13, and whatever was decided during the present Meeting would concern only investment project preparation for countries possessing a manufacturing sector. Funding for specific awareness-raising activities would be part and parcel of the future funding for the full HPMP once it had been submitted by the country and approved by the Executive Committee.

91. The Chair suggested that an open-ended contact group be established with a view to reaching agreement on the text of a decision. The representative of Sweden, as facilitator of the contact group, reported that it had held four meetings and proposed the text of a draft decision, to which a number of oral amendments were made.

92. On the basis of the text proposed by the contact group, the Executive Committee decided:

- (a) To note document UNEP/OzL.Pro/ExCom/56/13 regarding a cost structure for determining funding levels for preparation of HCFC investment and associated activities (decision 55/13(d));

- (b) To 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:
- (i) Assistance for policy and legislation, e.g. to develop new or extend existing legislation regarding HCFC, products containing HCFCs, quotas, and licences;
 - (ii) Survey of HCFC use and analysis of data;
 - (iii) 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;
 - (iv) Development of investment activities for the HCFC-consuming manufacturing sectors for stage one of an HPMP, if such activities were necessary;
- (c) To provide funding for elements (b)(i) to (iii) above as specified in the table below, based on the countries' HCFC consumption for 2007, while applying decision 55/13(a), (b) and (c):

Group according to consumption pattern	Funding for above components (b)(i) to (iii)
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

- (d) To limit the maximum funding provided for the element (b)(iv) 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;

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

- (e) To 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;
- (f) To provide funding for the element (b)(iv) 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 (e) above, excluding those enterprises with demonstration projects that might be chosen by the Executive Committee according to decision 55/43, paragraphs (b) to (f):

- (i) One enterprise to be converted in a manufacturing sector: US \$30,000;
 - (ii) Two enterprises to be converted in a manufacturing sector: US \$60,000;
 - (iii) Three to 14 enterprises to be converted in a manufacturing sector: US \$80,000;
 - (iv) Fifteen or more enterprises to be converted in a manufacturing sector: US \$150,000;
- (g) That 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;
- (h) Not to apply the provisions in subparagraphs (c), (e) and (f) above to China;
- (i) To 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:
- (i) Stand-alone demonstration projects (55/43) in a manufacturing sector, per project: US \$30,000;
 - (ii) Umbrella demonstration projects (55/43) with three to 14 beneficiaries in one manufacturing sector, per umbrella project: US \$80,000;
 - (iii) Projects addressing 15 or more beneficiaries could not receive preparation funding for demonstration projects related to decision 55/43; and
- (j) To 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.

(Decision 56/16)

93. The representative of India recalled that the contact group had agreed that countries with a consumption limit of 1,001 ODS tonnes and above would be eligible for US \$400,000 for investment preparation and that funds for HPMP preparation as per paragraph 92(b)(i)-(iii) would be considered on an individual basis. The Indian delegation had been surprised to find that the decision was entirely different from the draft provided by the contact group, to the detriment of large HCFC-consuming countries such as India. As India was one of the largest HCFC consuming and producing Parties to the Protocol, the Indian delegation had raised its concerns on the issue since the 55th Meeting of the Committee. Situations such as that described should not be repeated in the future, in order to maintain the principles of the Committee and also the spirit of the Montreal Protocol.