



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/71/55
1 November 2013

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-first Meeting
Montreal, 2-6 December 2013

**DRAFT GUIDELINES FOR FUNDING THE PREPARATION OF STAGE II OF HCFC
PHASE-OUT MANAGEMENT PLANS (decisions 66/5 and 69/22 and paragraph 105 of
UNEP/OzL.Pro/ExCom/70/59)**

Introduction

1. At its 69th meeting, the Executive Committee considered a document prepared by the Secretariat containing the draft guidelines to determine funding levels for the preparation of stage II of the HCFC phase out management plans (HPMPs) for Article 5 countries (UNEP/OzL.Pro/ExCom/69/33). While progress was made in the contact group that was established to further discuss this document in detail, there was insufficient time to reach agreement on the draft guidelines for funding the preparation of stage II of HPMPs. It was therefore decided that the draft guidelines, as amended at the 69th meeting, be forwarded to the 70th meeting for consideration (decision 69/22 (a)).

2. At the 70th meeting, the contact group established at the 69th meeting met several times to consider the draft guidelines as amended. Some progress had been made, including confirmation that previously agreed language would remain so. However, several new issues had arisen at the 70th meeting, in addition to those that had already been discussed at the 69th meeting. The group therefore did not have time to finalize its discussions, and agreed that the text of the draft guidelines, as amended at the 70th meeting, be forwarded to the 71st meeting for consideration. The final working text discussed by the contact group was made available on the Secretariat's intranet as a non-paper, and is presented below.

Draft guidelines for funding the preparation of stage II of HPMPs as amended at the 70th meeting

3. In determining guidelines for funding levels for the preparation of stage II of the HCFC phase-out management plans (HPMPs) for Article 5 countries, the Executive Committee may wish to consider:

- (a) Noting document UNEP/OzL.Pro/ExCom/69/33 on the draft guidelines for funding the preparation of stage II of HCFC phase-out management plans (HPMP);
- (b) Guided by the need to ensure compliance with the control measures of the Montreal Protocol for HCFC phase-out [in particular the 2020 reduction step], and [the need to] [ensure] [facilitate] continuity of implementation of HPMP activities between stages, requests for stage II HPMP project preparation funding could be submitted no earlier than two years before the end date of their approved stage I HPMP as contained in paragraph 1 of their agreement with the Executive Committee, unless otherwise indicated in the decision of the Executive Committee approving their respective stage I HPMPs;
- (c) Requesting bilateral and implementing agencies when submitting requests for project preparation for stage II of the HPMPs to demonstrate that [substantial] [the level of] [progress] [to confirm the expected degree of progress][in the implementation of stage I of their HPMP had been achieved [in relation to financial [disbursement] [commitments] and planned activities], and to provide:
 - (i) For the overall stage II strategy:
 - a. An indication of the activities that will need to be undertaken for project preparation, with specific costs clearly identified (i.e. surveys, consultation meetings, etc);
 - b. A description of the information that needs to be gathered and updated and why it was not included in stage I;
 - (ii) For investment projects in line with decision 56/16:
 - a. Number of enterprises where the request for funding is being sought;

- b. If the request is for a sector where project preparation was approved in stage I but had not been included in the HPMP submitted an explanation why additional funding is required and a list of activities with corresponding costs to support this request;
- (d) Providing funding for stage II HPMP project preparation [for individual countries] up to the following levels, [upon justification of the amount requested that is in fulfilment of sub-paragraph d(i)]:
 - (i) US \$20,000 [30,000] [if addresses the phase-out of all remaining consumption by 2030 or earlier] for Article 5 countries with a remaining HCFC consumption eligible for funding of 0 to 5 ODP tonnes used only in the refrigeration servicing sector;
 - (ii) US \$30,000 [40,000] [if stage II addresses the phase-out of all remaining consumption by 2030] [2040] for Article 5 countries with a remaining HCFC consumption eligible for funding of 5.1 to 10 ODP tonnes;
 - (iii) US \$50,000 [60,000] [if stage II addresses the phase-out of all remaining consumption by 2030] [2040] for Article 5 countries with a remaining HCFC consumption eligible for funding of 10.1 to 50 ODP tonnes;
 - (iv) US \$70,000 for Article 5 countries with a remaining HCFC consumption eligible for funding of 50.1 to 100 ODP tonnes;
 - (v) US \$90,000 for Article 5 countries with a remaining HCFC consumption eligible for funding of 100.1 to 1,500 ODP tonnes;
 - (vi) US \$ [to be determined] for countries with remaining eligible consumption above 1,500 ODP tonnes;
- (d)bis: Funding for the preparation of any regional [multi-country] [LVC] stage II HPMPs would be determined on a case by case basis;
- (e) Providing funding for any Article 5 country with a manufacturing sector using HCFCs that has not been addressed in stage I of their HPMPs, according to the number of manufacturing enterprises to be converted as per decision 56/16(d) and (f), [based on their remaining eligible consumption] as follows:
 - (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; and
 - (v) To limit the maximum funding provided for the preparation of the investment component for any country according to the table below:

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

- (f) Requesting Article 5 countries, to include in the development and finalization of the strategic plan for stage II of the HPMPs, as a minimum the control target of the Montreal Protocol subsequent to that committed in stage I of their HPMPs;
- (f) bis Should countries decide [to include subsequent [HCFC] control targets], [they should confirm in their stage II HPMP that a national commitment is in place to meet these targets];
- (g) [Requesting bilateral and implementing agencies to ensure that the following information is included in stage II HPMP project proposals [in addition to the information required in decision 54/39, guidelines for the preparation of HPMPs:
- (i) A description of how the HPMP strategy has considered the range of non-ODS, technically proven, commercially available, [safe] [climate-friendly]/[low-GWP] alternatives to HCFCs;
 - (ii) A description of how the strategy for the refrigeration servicing sector [to phase out HCFCs] [has considered [climate impact] [enabling and building a normative framework for] [good servicing practices and refrigeration conservation] [the need to minimize negative climate impacts] / [to describe the impact of the proposed strategy on the climate], [taking into account the issues raised in Document 70/53];
 - (ii)Alt: [Include in the strategy a description of the extent of options available to phase out HCFCs in the refrigeration servicing sector, considering the need to minimize negative impacts on the climate;]
 - (iii) The proportion of foreign ownership and exports to non-Article 5 countries in the manufacturing sector;
 - (iv) An indication of the project disbursement modality that will be used to implement the HPMP;
 - (v) Date of establishment of such enterprises [and entities], taking into account decision 60/44(a) on the cut-off date, [including enterprise names and consumption data, where available]];
- (h) Requesting bilateral and implementing agencies to return any balances from project preparation funding provided for stage I HPMP to the Multilateral Fund before a request for stage II project preparation funding may be considered; and
- (i) Requesting the Secretariat to take into account the preparation guidelines for stage II HPMPs approved at this meeting in its proposal for the terms of reference for the assessment of the administrative costs for the 2015-2017 triennium foreseen in decision 68/10 that should be submitted to the 71st meeting.