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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-third Meeting  
Montreal, 4-8 April 2011

**BILATERAL AGENCIES BUSINESS PLANS FOR THE YEARS 2011-2014**

## COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

### Introduction/Background

1. Bilateral cooperation may be considered as a contribution to the Multilateral Fund up to a value of 20 per cent of a country's annual pledge to the Fund, consistent with any criteria specified by decisions of the Parties. The Executive Committee decided to allow flexibility in the year for which bilateral projects would be credited, provided that bilateral agencies submitted their work plans at the beginning of the year in time for the Secretariat to transmit them to the Executive Committee for consideration during discussions of the business plans at the Committee's first meeting of the year (decision 25/13(a)).

2. The following non-Article 5 countries submitted business plan tables to the 63<sup>rd</sup> Meeting: Australia, the Czech Republic, Germany, Italy and Japan.

### RESOURCE ALLOCATION

3. Based on the business plan, bilateral agencies intend to conduct activities during 2011 (excluding regional projects) in 19 Article 5 countries, namely: Afghanistan, Algeria, Bolivia (Plurinational State of), Botswana, Brazil, China, India, Indonesia, the Islamic Republic of Iran, Kenya, Lesotho, Liberia, Mauritius, Mongolia, Namibia, Nigeria, Papua New Guinea, Seychelles, and Zimbabwe.

4. Table 1 presents, by year, the value of activities included in the bilateral agencies' business plans according to categories "required for compliance" and "not required for compliance".

Table 1

#### RESOURCE ALLOCATION IN BUSINESS PLANS SUBMITTED BY BILATERAL AGENCIES TO THE EXECUTIVE COMMITTEE (2011-2014) (US \$000s)

Required/Not required by Model	2011	2012	2013	2014	Total (2011 to 2014)
Required for compliance (MYAs and standard costs)	60	1,186	60	79	1,385
Required for compliance (HCFCs)	12,654	12,955	2,121	487	28,217
Not required for compliance (Resource mobilization)	361				361
Not required for compliance (ODS disposal)	757	1,600			2,357
Not required for compliance (Customs enforcement)	91	91			182
<b>Grand total</b>	<b>13,923</b>	<b>15,832</b>	<b>2,181</b>	<b>566</b>	<b>32,502</b>

5. The bilateral agencies have included activities valued at US \$13.9 million in 2011 and a total value of US \$32.5 million over the period 2011 to 2014. It should be noted that traditional bilateral donors, such as Canada, Finland, France, Portugal, Spain, Switzerland, the United Kingdom of Great Britain and Northern Ireland, and the United States of America did not submit bilateral business plans and the total value of bilateral activities could increase in the event of such submissions.

### Multi-year agreements (MYAs) and standard costs

6. Table 2 presents information on the bilateral agencies' MYAs and institutional strengthening (IS) activities that are considered to be required for compliance under the adjusted business plan.

Table 2

**REQUIRED FOR COMPLIANCE FOR MYAs AND STANDARD COSTS (2011 to 2014)  
(US \$000s)**

Required by model	2011	2012	2013	2014	Total (2011 to 2014)
Approved MYAs		1,186	0	79	1,265
IS	60	0	60	0	120
<b>Total (required for compliance for MYAs and standard costs)</b>	<b>60</b>	<b>1,186</b>	<b>60</b>	<b>79</b>	<b>1,385</b>

7. Annual tranche activities are included in the bilateral agencies' business plans for Germany, Italy and Spain despite the fact that Spain did not submit a business plan.

### HCFC activities

#### Climate impact

8. Table 3 sets out the results of the climate impact measurements provided in bilateral agencies' business plans for HCFCs by sub-sector and shows that the plan could result in the reduction of 0.53 CO<sub>2</sub>-equivalent tonnes in millions.

Table 3

**CLIMATE IMPACT OF HCFC ACTIVITIES IN BILATERAL AGENCIES' 2011-2014  
BUSINESS PLANS (IN MILLIONS OF CARBON DIOXIDE-EQUIVALENT TONNES)**

Sub-sector	Total business plan values* (US \$000)	CO <sub>2</sub> -equivalent tonnage (in millions) for one year of reductions
Approved Multi-Year	288	0.00
Foam	8,880	0.00
Foam Commercial	830	0.00
Foam Rigid	575	0.00
Foam XPS	1,803	0.00
Refrigeration Commercial	1,000	0.00
Refrigeration Manufacturing	634	0.00
Refrigeration Servicing	14,913	0.53
Solvent	210	0.00
<b>Total</b>	<b>29,133</b>	<b>0.53</b>

\*Also includes values after 2014.

### COMMENTS ON BILATERAL AGENCIES BUSINESS PLANS

9. The Fund Secretariat reviewed each bilateral donor's business plan and provided comments on several of the proposed activities. This section summarizes some of the information contained in the bilateral business plans, by donor country.

#### Australia

10. Australia's 2011-2014 business plan includes one activity valued at US \$300,000. Twenty per cent of Australia's pledged contributions for 2011 amounts to US \$578,542. Table 4 presents a summary of the resource allocation in Australia's 2011-2014 business plan.

Table 4

**ALLOCATION OF RESOURCES FOR AUSTRALIA (US \$)**

<b>Required by Model</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total (2011 to 2014)</b>
Required for compliance (HCFCs)	300,000				300,000
<b>Grand total</b>	<b>300,000</b>				<b>300,000</b>

11. Australia has covered one activity valued at US \$300,000 in 2011.

Comments

12. Australia has included US \$300,000 in its 2011 business plan for an HCFC phase-out management plan (HPMP) in the refrigeration servicing sector in Indonesia representing the phase-out of 3.7 ODP tonnes.

**Czech Republic (the)**

13. The Czech Republic's 2011-2014 business plan includes one activity valued at US \$182,000 for 2011 to 2012. Twenty per cent of the Czech Republic's pledged contribution for 2011 amounts to US \$90,974. The activity is within the Czech Republic's allocation due to rounding since the project value is calculated to the nearest US \$1,000. Table 5 presents a summary of the resource allocation in the Czech Republic's 2011-2014 business plan.

Table 5

**ALLOCATION OF RESOURCES FOR THE CZECH REPUBLIC (US \$)**

<b>Not required by Model</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total (2011 to 2014)</b>
Not required for compliance (Customs enforcement)	91,000	91,000			182,000
<b>Total</b>	<b>91,000</b>	<b>91,000</b>			<b>182,000</b>

14. The Czech Republic has covered one activity valued at US \$91,000 in 2011 and a total value of US \$182,000 over the period 2011 to 2014.

Comments

15. The Czech Republic has included an activity on ECA regional customs cooperation valued at US\$182,000 for the period 2011-2012.

**Germany**

16. Germany's 2011-2014 business plan includes MYAs, IS, HPMPs and HCFC investment activities. Twenty per cent of Germany's annual pledged contribution for 2011 amounts to US \$2,776,808. Table 6 presents a summary of the resource allocation in Germany's 2011-2014 adjusted business plan.

Table 6

**ALLOCATION OF RESOURCES FOR GERMANY (US \$)**

<b>Required by Model</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total (2011 to 2014)</b>
Required for compliance (MYAs and standard costs)	60,000	225,325	60,000	0	345,325
Required for compliance (HCFCs)	8,807,400	11,955,010	2,120,500	487,000	23,369,910
<b>Grand total</b>	<b>8,867,400</b>	<b>12,180,335</b>	<b>2,180,500</b>	<b>487,000</b>	<b>23,715,235</b>

17. Germany has covered activities valued at US \$8.87 million in 2011 and a total value of US \$23.72 million over the period 2011 to 2014.

Comments

18. Germany's business plan for 2011 contains activities valued at US \$8,867,400. This is in addition to US \$2,504,400 approved for projects in 2009 and 2010, resulting in a total value of US \$11,371,800 for the 2009-2011 triennium. Twenty per cent of Germany's pledged contributions for the triennium is US \$8,330,425. Germany is therefore exceeding the maximum level of bilateral contributions by US \$3,041,375. The Committee may wish to recall that a similar situation arose for Germany in the previous two triennia, which led to the need to defer part of the funding for the agreed annual tranches for MYAs until the next triennium. At the Inter-agency coordination meeting, Germany indicated with respect to potential over-programming in its business plan that, if all the funding could be approved in the current year, it would team up with other agencies to share the activities, and that all the countries that could be affected by the over-programming had been made aware that Germany might not have sufficient funds to submit their activities for funding in 2011. The Executive Committee may wish to note this fact.

19. Germany has incorporated US \$225,325 in its 2012 business plan for annual tranches of one approved MYA in the methyl bromide sector in Yemen.

20. Germany has also included US \$120,000 for IS during 2011-2014 for Angola and Papua New Guinea. Although funding levels for IS are known, Germany has included values for IS in its business plan that vary from those allowed under the current funding structure by US \$15,600. The Secretariat's proposed adjustments would modify Germany's business plan according to the funding level allowed.

21. The total level of funding for project preparation for HPMP associated investment projects is US \$33,900. Germany has proposed amounts in its business plan that exceed the maximum level allowed for project preparation for HPMPs and HCFC investment projects pursuant to decisions 55/13 and 56/16. The Secretariat's proposed adjustments would reduce the level of funding as per these decisions by US \$33,900.

22. The total level of funding for projects for the HCFC servicing sector in low-volume-consuming (LVC) countries is US \$4.99 million representing the phase-out of 54 ODP tonnes for the period 2011 to 2014. At its 60<sup>th</sup> Meeting, the Executive Committee established values for HPMPs for activities to comply with the 2015 and 2020 control measures according to projected baselines. At its 62<sup>nd</sup> Meeting, the Executive Committee agreed to base a 100 per cent phase-out on a pro rata share of the 2020 funding level to meet the 35 per cent reduction (decision 62/10). The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable level of funding for LVC countries in line with decision 60/44(f)(xii) for the HCFC servicing sector, according to the reduction from the baseline. This would increase the total level of funding for these projects by US \$533,654.

23. The total level of funding for projects for the refrigeration servicing sector in non-LVC countries is US \$7.99 million representing the phase-out of 86.4 ODP tonnes for the period 2011 to 2014. There is no adjustment to this sector.

24. For projects in the refrigeration sector the total level of funding is US \$600,000 representing the phase-out of 4 ODP tonnes for the period 2011 to 2014. There is no adjustment to this sector.

25. The total level of funding for projects for HPMPs in non-LVC countries is US \$800,000 representing the phase-out of 8.7 ODP tonnes for the period 2011 to 2014. There is no adjustment to this category since it can contain a mixture of servicing and manufacturing sectors.

26. For projects in the foam sector the total level of funding is US \$8.88 million representing the phase-out of 76.2 ODP tonnes for the period 2011 to 2014. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$6.92/metric kg for the foam sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$2.46 million.

27. The total level of funding for projects for rigid foam including the rigid insulation refrigeration sub-sector is US \$75,000 representing the phase-out 0.5 ODP tonnes for the period 2011 to 2014. Decision 62/13 establishes a threshold of US \$7.83/kg with a maximum of up to 25 per cent above this threshold for low-global warming alternatives. The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable level of funding for rigid foam as per this decision and reduce the total level of funding for these projects by US \$24,730.

### Italy

28. Italy has planned activities in its 2011-2014 business plan amounting to US \$1.24 million. Twenty per cent of Italy's pledged contributions for 2011 amounts to US \$1,644,329. Table 7 presents a summary of the resource allocation in Italy's 2011-2014 business plan.

Table 7

#### ALLOCATION OF RESOURCES FOR ITALY (US \$)

Required/Not required by Model	2011	2012	2013	2014	Total (2011 to 2014)
Required for compliance (MYAs and standard costs)		67,800		79,100	146,900
Not required for compliance (Resource mobilization)	361,000				361,000
Not required for compliance (ODS disposal)	737,000				737,000
<b>Total</b>	<b>1,098,000</b>	<b>67,800</b>	<b>0</b>	<b>79,100</b>	<b>1,244,900</b>

29. Italy has covered activities valued at US \$1.1 million in 2011 totalling US \$1.24 million over the period 2011 to 2014.

### Comments

30. Italy's business plan did not include an approved MYA for the HPMP in Ghana. However, the Secretariat has added this activity to Italy's business plan. The total level of funding for the approved MYA is valued at US \$146,900 for the period 2011 to 2014.

31. Italy's business plan includes US \$737,000 for ODS disposal demonstration projects that would result in the destruction of 50 ODP tonnes of ODS. The climate impact of these activities might be

equivalent to the global warming potential (GWP) of the ODS being destroyed. However, information was not provided on the types of ODS to be destroyed; therefore the analysis was not performed.

32. Italy did not include any other activities not required for compliance, except resource mobilization amounting to US \$361,000. Although resource mobilization is not required for compliance, the Executive Committee has deferred the resource mobilization requested at previous meetings for consideration at the 63<sup>rd</sup> Meeting in the context of bilateral activities (see UNEP/OzL.Pro/ExCom/63/17).

### Japan

33. Japan has planned activities in its 2011-2014 adjusted business plan amounting to US \$6.17 million. Twenty per cent of Japan's annual pledged contribution for 2011 amounts to US \$5,382,029. Table 8 presents a summary of the resource allocation in Japan's 2011-2014 adjusted business plan.

Table 8

#### ALLOCATION OF RESOURCES FOR JAPAN (US \$)

Required/Not required by Model	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (HCFCs)	3,547,000	1,000,000			4,547,000
Not required for compliance (ODS disposal)	20,000	1,600,000			1,620,000
<b>Total</b>	<b>3,567,000</b>	<b>2,600,000</b>	<b>0</b>	<b>0</b>	<b>6,167,000</b>

34. Japan has included activities valued at US \$3.57 million in 2011 and a total value of US \$6.17 million over the period 2011 to 2014.

### Comments

35. Japan's business plan includes US \$1.62 million for ODS disposal demonstration projects including US \$620,000 in activities for LVC countries. No tonnage was provided in Japan's business plan. The climate impact of these activities might be equivalent to the GWP of the ODS being destroyed. However, information was not provided on the types of ODS to be destroyed; therefore the analysis was not performed.

36. A total of US \$2.24 million is included in Japan's business plan for HCFC demonstration activities that will phase out 17.1 ODP tonnes in two countries.

37. The total level of funding for projects for rigid foam including the rigid insulation refrigeration sub-sector is US \$500,000. No tonnage was provided in Japan's business plan. There is no adjustment needed for this sector.

38. The total level of funding for projects for extruded polystyrene (XPS) foam in Japan's business plan is US \$803,000 representing the phase-out of 0.1 ODP tonnes. Under decision 62/12(c) the Executive Committee decided to consider projects for the phase-out of HCFC-22/HCFC-142b used for the manufacture of XPS foam when it was clearly demonstrated that such activities would be required by national circumstances and priorities to comply with the 2013 and 2015 control measures, and to consider all other XPS foam projects after 2014. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$6.92/metric kg for the foam sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$294,114.

39. The total level of funding for projects for the refrigeration sector in Japan's business plan is US \$1 million. No tonnage was provided in Japan's business plan. There is no adjustment needed for this sector.

### Spain

40. Although no business plan was submitted during 2011, Spain will submit a request for a tranche for the approved MYA in Mexico valued at US \$893,000. Twenty per cent of Spain's pledged contributions for 2011 amounts to US \$960,892. Table 9 presents a summary of the resource allocation in Spain's 2011-2014 business plan.

Table 9

#### ALLOCATION OF RESOURCES FOR SPAIN (US \$)

Required by Model	2011	2012	2013	2014	Total (2011 to 2014)
Required for compliance (MYAs and standard costs)		893,000			893,000
<b>Total</b>		<b>893,000</b>			<b>893,000</b>

#### IMPACT OF ADJUSTMENTS BASED ON EXISTING EXECUTIVE COMMITTEE DECISIONS ON BUSINESS PLANS AS SUBMITTED

41. After making the adjustments proposed above, the total value of bilateral agencies' 2011-2014 business plans is US \$30.23 million as shown in Table 10.

Table 10

#### RESOURCE ALLOCATION IN BILATERAL AGENCIES' BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2011-2014) (US \$000s)

Required/Not required by model	2011	2012	2013	2014	Total (2011 to 2014)	Total (2015 to 2020)	Total After 2020
Required for compliance (MYAs and standard costs)	68	1,186	68	79	1,401	141	0
Required for compliance (HCFCs)	11,789	11,444	2,214	487	25,934	1,486	0
Not required for compliance (Resource mobilization)	361	0	0	0	361	0	0
Not required for compliance (ODS disposal)	757	1,600	0	0	2,357	0	0
Not required for compliance (Customs)	91	91	0	0	182	0	0
<b>Grand total</b>	<b>13,066</b>	<b>14,321</b>	<b>2,281</b>	<b>566</b>	<b>30,234</b>	<b>1,628</b>	<b>0</b>

42. Table 11 shows the impact of the adjustments by agency.



Table 11

**RESOURCE ALLOCATION IN BILATERAL AGENCIES' BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2011-2014) BY AGENCY (US \$000s)**

<b>Agency</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total (2011 to 2014)</b>	<b>Total (2015 to 2020)</b>	<b>Total After 2020</b>
Australia	300	0	0	0	300	0	0
Czech Republic	91	91	0	0	182	0	0
Germany	8,304	10,670	2,281	487	21,742	1,486	0
Italy	1,098	68	0	79	1,245	141	0
Japan	3,273	2,600	0	0	5,873	0	0
Spain	0	893	0	0	893	0	0
<b>Grand Total</b>	<b>13,066</b>	<b>14,321</b>	<b>2,281</b>	<b>566</b>	<b>30,234</b>	<b>1,628</b>	<b>0</b>

## RECOMMENDATIONS

43. The Executive Committee may wish to consider noting:

- (a) The 2011-2014 business plans of bilateral cooperation submitted by Australia, the Czech Republic, Germany, Italy and Japan as addressed in document UNEP/OzL.Pro/ExCom/63/8; and
- (b) That, with respect to potential over-programming in Germany's business plan, if all the funding could be approved in the current year, Germany would team up with other agencies to share the activities, and that all the countries that could be affected by the over-programming had been made aware that Germany might not have sufficient funds to submit their activities for funding in 2011.

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