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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

UNDP BUSINESS PLAN FOR THE YEARS 2011-2014

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. This document presents a summary of UNDP's planned activities for the phase-out of ozone-depleting substances (ODS) during the 2011-2014 planning period. It also contains UNDP's business plan performance indicators and recommendations for consideration by the Executive Committee. UNDP's 2011-2014 business plan narrative is attached to the present document.

2. Table 1 presents, by year, the value of activities included in UNDP's business plan according to categories "required for compliance" and "not required for compliance".

Table 1

RESOURCE ALLOCATION IN UNDP'S BUSINESS PLAN AS SUBMITTED 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)	6,285	5,472	5,587	5,204	22,548
Required for compliance (HCFCs)	71,029	58,207	53,166	37,363	219,765
Not required for compliance (Resource mobilization)	215	0	0	0	215
Not required for compliance (ODS disposal)	4,360	0	0	0	4,360
Grand total	81,888	63,679	58,753	42,567	246,887

3. UNDP has included activities valued at US \$81.89 million in 2011 and a total value of US \$246.89 million over the period 2011 to 2014.

Multi-year agreements (MYAs) and standard costs

4. Table 2 presents information on UNDP's MYAs, institutional strengthening (IS), and core unit 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	1,449	1,348	628	952	4,377
IS	2,805	2,034	2,805	2,034	9,678
Core unit	2,030	2,091	2,154	2,218	8,492
Total (required for compliance for MYAs and standard costs)	6,285	5,472	5,587	5,204	22,548

5. The value associated with MYAs for the period 2011 to 2014 consists of US \$4.38 million for HCFC activities. UNDP proposed amounts for MYAs that exceed those remaining for them in the records of the Fund Secretariat by US \$246,175. The Secretariat's proposed adjustments would modify the MYA amounts in UNDP's business plans to reflect the records of the Fund Secretariat.

6. No issues were raised with respect to the other activities, also considered required for compliance. UNDP's core unit costs are projected to increase at a rate of 3 per cent per year.

HCFC activities

Climate impact in UNDP's business plan

7. Table 3 sets out the results of the climate impact measurements provided in UNDP's business plan by sub-sector and shows that the plan could result in the reduction of 9.46 million CO₂-equivalent tonnes.

Table 3

CLIMATE IMPACT OF HCFC ACTIVITIES IN UNDP'S 2011-2014 BUSINESS PLAN (IN MILLIONS OF CARBON DIOXIDE-EQUIVALENT TONNES)

Sub-sector	Total business plan values* (US \$000)	CO₂-equivalent tonnage (in millions) for one year of reductions
Approved Multi-Year	5,337	0.34
Foam	38,864	2.55
Foam Rigid	1,071	0.01
Foam XPS	1,973	0.40
HPMP	16,792	0.45
Refrigeration	20,692	0.59
Refrigeration AC	18,281	0.33
Refrigeration ICR	137,780	4.17
Refrigeration Manufacturing	2,220	0.05
Refrigeration Servicing (LVC countries)	421	0.00
Solvent	27,162	0.57
Total	270,593	9.46

*Also includes values after 2014.

HCFC demonstration projects

8. A total of US \$2.3 million is included in UNDP's business plan for HCFC demonstration activities that will phase out 15.4 ODP tonnes in one country.

HCFC servicing sector in low-volume-consuming (LVC) countries

9. The total level of funding for projects for the HCFC servicing sector in LVC countries is US \$3.35 million representing the phase-out of 26.8 ODP tonnes for the period 2011 to 2014.

10. At its 60th Meeting, the Executive Committee established values for HCFC phase-out management plans (HPMPs) for activities to comply with the 2015 and 2020 control measures according to projected baselines. At its 62nd 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 provided 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 reduce the total level of funding for these projects by US \$151,805.

HPMPs for non-LVC countries

11. The total level of funding for HPMPs in non-LVC countries is US \$11.62 million representing the phase-out of 96.4 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.

Foam general

12. The total level of funding for projects for the foam sector is US \$37.41 million representing the phase-out of 441.8 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 \$1.56 million.

Rigid foam

13. The total level of funding for projects for rigid foam including the rigid insulation refrigeration sub-sector is US \$429,420 representing the phase-out 4.7 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 \$13,264.

Refrigeration general

14. The total level of funding for projects for the refrigeration sector is US \$138.3 million representing the phase-out of 605.1 ODP tonnes for the period 2011 to 2014. There is no adjustment needed for this sector.

Solvent

15. The total level of funding for projects for HCFCs in the solvent sector is US \$26.3 million representing the phase-out of 83.4 ODP tonnes for the period 2011 to 2014 with a cost-effectiveness of US \$32.60/metric kg. The solvent sector is to be addressed on a case-by-case basis as per decision 60/44(f)(xvi).

Activities not required for compliance

ODS disposal activities

16. UNDP's business plan includes US \$4.36 million for ODS demonstration projects and associated project preparation that would result in the destruction of 168.8 ODP tonnes of ODS. Project preparation amounting to US \$60,000 is included in the business plan for 2011. The climate impact of these activities might be equivalent to the global warming potential of the ODS being destroyed. However, information was not provided on the types of ODS to be destroyed so the analysis was not performed.

17. UNDP's business plan includes US \$941,000 for ODS destruction activities for LVC countries in 2011 that would result in the destruction of 68.8 ODP tonnes.

Other activities not required for compliance (resource mobilization, studies and workshops)

18. UNDP did not include any other activities not required for compliance, except resource mobilization amounting to US \$215,000. Although resource mobilization is not required for compliance, the Executive Committee has deferred the resource mobilization requested at previous meetings for consideration at the 63rd Meeting in the context of UNDP's work programme (see UNEP/OzL.Pro/ExCom/63/18).

Impact of adjustments based on existing Executive Committee decisions on business plans as submitted

19. After making the adjustments proposed above, the total value of UNDP's 2011-2014 business plan is US \$244.9 million as shown in Table 4.

Table 4

RESOURCE ALLOCATION IN UNDP'S BUSINESS PLAN 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)	6,054	5,472	5,802	4,974	22,301	921	0
Required for compliance (HCFCs)	70,507	57,664	52,697	37,172	218,039	45,523	37
Not required for compliance (Resource mobilization)	215	0	0	0	215	0	0
Not required for compliance (ODS disposal)	4,360	0	0	0	4,360	0	0
Grand total	81,136	63,136	58,498	42,145	244,915	46,444	37

Performance indicators

20. A summary of UNDP's performance indicators pursuant to decisions 41/93, 47/51 and 49/4(d) is provided in Table 5.

Table 5

PERFORMANCE INDICATORS

Item	2011 Targets
Number of annual programmes of multi-year agreements approved versus those planned (new plus tranches of ongoing MYAs)	41
Number of individual projects/activities (investment and demonstration projects, TAS, institutional strengthening) approved versus those planned	22
Milestone activities completed/ODS levels achieved for approved multi-year annual tranches versus those planned	7
ODS phased-out for individual projects versus those planned per progress reports	tbd
Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects versus those planned in progress reports	tbd
Number of policy/regulatory assistance completed versus that planned	tbd
Speed of financial completion versus that required per progress report completion dates	On time
Timely submission of project completion reports versus those agreed	On time
Timely submission of progress reports and responses unless otherwise agreed	On time

21. UNDP's target for the number of annual tranches should include 38 new agreements and 2 approved agreements for a total of 40 annual tranches. UNDP's target for individual projects should include 12 IS, 8 demonstration and one technical assistance project for a total of 21. As per the 2009

progress report excluding MYA projects, the phase-out target should be 1.7 ODP tonnes. UNDP's target for project completion should be 28, including 9 IS, 3 demonstration, 4 investment and 12 technical assistance projects, but excluding MYAs and project preparation. UNDP's target for milestone activities completed for MYAs should be 2 to correspond with the number of approved MYAs.

RECOMMENDATIONS

22. The Executive Committee may wish to consider:

- (a) Noting the 2011-2014 business plan of UNDP as contained in document UNEP/OzL.Pro/ExCom/63/9; and
- (b) Approving the performance indicators for UNDP set out in Table 5 as contained in document UNEP/OzL.Pro/ExCom/63/9 while setting a target of 40 for annual tranches of multi-year agreements (MYAs) approved, 21 for individual projects approved, 1.7 ODP tonnes for ODS phase-out for individual projects, 28 for project completion and 2 for milestone activities completed for MYAs.

**63rd Meeting of the Executive Committee of the Multilateral Fund for the Implementation
of the Montreal Protocol
(Montreal, 4-8 April 2011)**

UNDP 2011 BUSINESS PLAN NARRATIVE

1. Introduction

This narrative is based on an excel table that is included as **Annex 1** to this report. This table lists all the ongoing and planned activities for which funding is expected during the period 2011 through 2014. Figures are also provided for the years 2015-2019 but those are only related to stage 1 of the HPMPs and as such are no indication as to the estimated needs for those years. It should also be noted that planned activities included in the 2011 column are firm and future years are indicative and are provided for planning purposes only.

The activities included for 2011 can be summarized as follows:

- There are 21 ongoing institutional strengthening activities of which 12 will request an extension in 2011 for a combined amount of US\$ 2.8 million.
- Two global requests have been included: one for resource mobilization to address climate co-benefits regarding HCFCs (which was deferred in 2009 and 2010) and the usual Core Unit support cost.
- UNDP has included a large number of HCFC-related activities, most of which have resulted directly from previously approved project preparation funds. In addition, there are 2 requests for pilot-demonstration projects in 2011.
- Finally, 6 ODS-Waste/Destruction project proposals were included as well, 4 of which directly result from previously approved project preparation funds. 2 new project proposals in ODS-Waste have been included in 2011 as well as the corresponding requests for project preparation funds.

The expected value in 2011 is US\$ 81.9 million and US\$ 63.7 million in 2012 (including support costs). The higher level of funding as compared to previous years is because several activities that were developed in 2010 are expected to be submitted in 2011 and beyond.

Entries for the HPMP-related activities in the business plan are separated by chemical. Figures for the HPMP-related activities were obtained using the following methodology:

1. For the approved MYAs, actual figures were taken from the agreements between the Executive Committee and the countries concerned.
2. For the remaining MYAs, we calculated the ODP tonnages based on the estimated Starting Point (average of 2009 and forecasted 2010 (including 8% growth) consumption. We then divided the tonnage estimates based on the cost-effectiveness of the overall agreement.
3. We included new business plan entries based on discussions with governments and NOUs.

2. Resource allocation

The projects are grouped into various categories, which are described in the following summary table.

Table 1: UNDP Business Plan Resource Allocations¹

	value (\$000)			
	2011	2012	2013	2014
1 bis. Approved HPMP	1,219	1,348	628	722
2. Planned Inst. Str.	2,805	2,034	2,805	2,034
3. Core and Mobilization	2,245	2,091	2,154	2,218
6b. HCFC Pilots/Demos	2,325	-	-	-
6c. HCFC HPMPs	68,934	58,207	53,166	37,594
6d. PRP	60	-	-	-
7. ODS Waste	4,300	-	-	-
Grand Total	81,888	63,679	58,753	42,567

3. Geographical distribution

UNDP will once again cover all the regions, with approved and new activities in 72 countries, 49 of which have funding requests in 2011. The number of countries, activities and budgets per region for 2011 is listed in table 2.

Table 2: UNDP 2011 MYA Tranches² and New Activities per Region³

Region	Countries	# of Projects	2011 value (\$000)
AFR	9	13	4,910
ASP	16	58	58,782
EUR	4	6	892
GLO	1	2	2,245
LAC	19	47	15,059
Grand Total	49	126	81,888

4. Programme Expansion in 2011

4.1. Background

UNDP's 2011-2014 Business Plan has been developed by drawing upon the analysis provided by the Multilateral Fund's strategic planning framework, through communication with countries that have expressed an interest in working with UNDP to address their compliance and other needs, as well as through negotiation and discussions with the MLF Secretariat and other Implementing Agencies during and post the Inter-Agency meeting held on 26-28 January 2011 in Montreal.

Countries Contacted. Most activities listed are either deferred from the prior year's business plan, or have active project preparation accounts ongoing, or were included based on written requests from the countries concerned.

Coordination with other bilateral and implementing agencies. As in the past, during 2011 UNDP will continue to collaborate with both bilateral and other implementing agencies. Collaborative arrangements in programming will continue with the Government of Canada, the Government of Japan, the Government of Germany and the Government of Italy, as well as with UNEP, UNIDO and the World Bank.

¹ All values include agency support costs.

² All values agency support costs.

³ EUR contains CIS-countries

4.2. ODP Impact on the 3-year Phase-out Plan

In the next table, which is also based on **Annex 1**, the ODP amount listed in a given year corresponds to the US\$ amount that is approved in that same year. This is even the case for the approved/multi-year category, where the overall cost-effectiveness was applied to each individual funding tranche.

Table 3: Impact upon Project Approval (in ODP T)⁴

Chemical	ODP in 2011	ODP in 2012	ODP in 2013	ODP in 2014
CFC	-	-	-	-
HCFC-141b	200.6	162.9	158.5	73.2
HCFC-22	229.3	193.2	177.8	137.2
MULTI	-	-	-	-
ODS Waste	168.8	-	-	-
(blank)	3.1	-	-	-
Grand Total	601.8	356.1	336.3	210.4

4.3. Project preparation

As requests for project preparation for HCFCs may no longer be submitted, the only ones submitted in 2011 relate to ODS destruction, which are listed in **Annex 1**. The table below shows that there are 2 such activities relating to ODS-Waste Destruction in LVCs, which amount to US\$ 60,000 including support costs. More details on these requests are provided in paragraph 5.1 related to HCFCs and will also be included in the respective 2011 Work Programmes to be submitted.

Table 4: Project Preparation in 2011

Category	Country	Type	Chemical	Short title	Total Value (\$000s)
6d. PRP	Georgia	PRP	ODS Waste	Preparation of Demo: ODS Bank Management/Destruction	30
6d. PRP	Trinidad and Tobago	PRP	ODS Waste	Preparation of Demo: ODS Bank Management/Destruction	30
				Grand Total	60

4.4. Non-investment projects

Also included in **Annex 1** are UNDP's 10 individual planned non-investment projects with a total value of US\$ 8,870,240 including support costs. This list includes 2 Pilots/Technology Assessment/Demonstration-projects for HCFCs and 2 global requests under the core unit and the resource mobilization categories. Two new demonstration projects in ODS-Waste Destruction or Management were included in 2011 further to a decision taken that the Committee still would entertain such requests for LVCs. The other four projects listed below in ODS-Waste were therefore those for which project preparation has already been received, but that will be submitted/resubmitted in 2011.

Details on all these requests will also be included in the respective Work Programmes to be submitted throughout 2011.

⁴ Tonnage in ODP and based on date of project approvals. The figures for ODP related to ODS-waste management and destruction projects are very raw estimates. In addition it has to be clear that those figures are not phase-out as they represent ODS "use" and not "consumption"

Table 5: Individual Non-Investment projects (DEM/TAS) in 2011

Category	Country	Chemical	Short title	Value (\$000) in 2011
3. Core and Mobilization	Global	MULTI	Core Unit Support (2011)	2,030
3. Core and Mobilization	Global	HCFC	Resource Mobilization to address climate co-benefits re HCFCs	215
6b. HCFC Pilots/Demos	China	HCFC-22	HCFC Demo (XPS Foam Sector - Feiningen)	1,973
6b. HCFC Pilots/Demos	China		HCFC Demo (Solvents Sector - Zhejiang Kindly Medical)	352
7. ODS Waste	Brazil	ODS Waste	Demo on ODS Banks Mgt and Destruction	1,000
7. ODS Waste	Colombia	ODS Waste	Demo on ODS Banks Mgt and Destruction	1,000
7. ODS Waste	Ghana	ODS Waste	Demo on ODS Banks Mgt and Destruction	281
7. ODS Waste	Georgia	ODS Waste	Demo on ODS Banks Mgt and Destruction	300
7. ODS Waste	India	ODS Waste	Demo: ODS Bank Management/Destruction	1,419
7. ODS Waste	Trinidad and Tobago	ODS Waste	Demo on ODS Banks Mgt and Destruction	300
			Grand Total	8,870

In addition, UNDP will prepare 12 non-investment Institutional Strengthening project extensions in 2011, as indicated in the table below. The total value of IS renewal programming in 2011 is US \$2,805,468. An additional 9 IS renewals (Bangladesh, China, Ghana, Iran, Lebanon, Nigeria, Pakistan, Sri Lanka, and Venezuela) will be submitted after 2011 and are thus not shown in the table below.

Table 6: Non-Investment Institutional Strengthening requests

Category	Country	Type	Chemical	Short title	Value (\$000) in 2011
2. Planned Inst. Str.	Argentina	INS	MULTI	Several Ozone unit support	335
2. Planned Inst. Str.	Brazil	INS	MULTI	Several Ozone unit support	377
2. Planned Inst. Str.	Chile	INS	MULTI	Several Ozone unit support	201
2. Planned Inst. Str.	Colombia	INS	MULTI	Several Ozone unit support	296
2. Planned Inst. Str.	Costa Rica	INS	MULTI	Several Ozone unit support	151
2. Planned Inst. Str.	Cuba	INS	MULTI	Several Ozone unit support	160
2. Planned Inst. Str.	Georgia	INS	MULTI	Several Ozone unit support	65
2. Planned Inst. Str.	India	INS	MULTI	Several Ozone unit support	401
2. Planned Inst. Str.	Indonesia	INS	MULTI	Several Ozone unit support	292
2. Planned Inst. Str.	Malaysia	INS	MULTI	Several Ozone unit support	300
2. Planned Inst. Str.	Trinidad and Tobago	INS	MULTI	Several Ozone unit support	65
2. Planned Inst. Str.	Uruguay	INS	MULTI	Several Ozone unit support	162
				Grand Total	2,805

4.5. Formulation of new TPMPs in 2011

As per ExCom Decision 60/11(b), funding tranches of TPMPs that have not been submitted yet must be integrated into HPMPs. The TPMP for Angola is affected by this decision. We expect to submit the HPMP for Angola in 2011.

4.6. Formulation of HPMP related activities in 2011

An important priority in 2011 will continue to be activities related to HCFC Phase-out Management Plans. We have included in our business plan activities covering 39 countries worth almost US\$ 70 million over the next year, which are expected to eliminate 401.3 ODP tonnes to meet the 2013/2015 freeze targets. While the number of rows corresponding to these activities in annex 1 amounts to 119, it should be noted that most are counted twice (per HCFC) chemical so that 119 doesn't correspond to the number of such programmes.

Table 7: New HPMPs in 2011

Category	Country	Description	Value (\$000) in 2011
6c. HCFC HPMPs	Angola	HCFC Phaseout Management Plan Related Activities	203
6c. HCFC HPMPs	Argentina	HCFC Phaseout Management Plan Related Activities	207
6c. HCFC HPMPs	Bangladesh	HCFC Phaseout Management Plan Related Activities	211
6c. HCFC HPMPs	Bhutan	HCFC Phaseout Management Plan Related Activities	46
6c. HCFC HPMPs	Bolivia	HCFC Phaseout Management Plan Related Activities	209
6c. HCFC HPMPs	Brazil	HCFC Phaseout Management Plan Related Activities	7,143
6c. HCFC HPMPs	Cambodia	HCFC Phaseout Management Plan Related Activities	231
6c. HCFC HPMPs	Chile	HCFC Phaseout Management Plan Related Activities	564
6c. HCFC HPMPs	China	HCFC Phaseout Management Plan Related Activities	35,077
6c. HCFC HPMPs	Congo DR	HCFC Phaseout Management Plan Related Activities	285
6c. HCFC HPMPs	Costa Rica	HCFC Phaseout Management Plan Related Activities	203
6c. HCFC HPMPs	Cuba	HCFC Phaseout Management Plan Related Activities	355
6c. HCFC HPMPs	Dominican Republic	HCFC Phaseout Management Plan Related Activities	236
6c. HCFC HPMPs	Egypt	HCFC Phaseout Management Plan Related Activities	1,075
6c. HCFC HPMPs	El Salvador	HCFC Phaseout Management Plan Related Activities	128
6c. HCFC HPMPs	Fiji	HCFC Phaseout Management Plan Related Activities	54
6c. HCFC HPMPs	Gambia	HCFC Phaseout Management Plan Related Activities	34
6c. HCFC HPMPs	Georgia	HCFC Phaseout Management Plan Related Activities	102
6c. HCFC HPMPs	Guyana	HCFC Phaseout Management Plan Related Activities	16
6c. HCFC HPMPs	India	HCFC Phaseout Management Plan Related Activities	6,128
6c. HCFC HPMPs	Indonesia	HCFC Phaseout Management Plan Related Activities	5,504
6c. HCFC HPMPs	Iran (Islamic Republic of)	HCFC Phaseout Management Plan Related Activities	3,225
6c. HCFC HPMPs	Jamaica	HCFC Phaseout Management Plan Related Activities	188
6c. HCFC HPMPs	Kyrgyzstan	HCFC Phaseout Management Plan Related Activities	19
6c. HCFC HPMPs	Lebanon	HCFC Phaseout Management Plan Related Activities	218
6c. HCFC HPMPs	Malaysia	HCFC Phaseout Management Plan Related Activities	2,877
6c. HCFC HPMPs	Mali	HCFC Phaseout Management Plan Related Activities	90
6c. HCFC HPMPs	Mexico	HCFC Phaseout Management Plan Related Activities	1,013
6c. HCFC HPMPs	Mozambique	HCFC Phaseout Management Plan Related Activities	52
6c. HCFC HPMPs	Nepal	HCFC Phaseout Management Plan Related Activities	75
6c. HCFC HPMPs	Panama	HCFC Phaseout Management Plan Related Activities	69
6c. HCFC HPMPs	Paraguay	HCFC Phaseout Management Plan Related Activities	94
6c. HCFC HPMPs	Peru	HCFC Phaseout Management Plan Related Activities	186
6c. HCFC HPMPs	Philippines	HCFC Phaseout Management Plan Related Activities	363
6c. HCFC HPMPs	Republic of Moldova	HCFC Phaseout Management Plan Related Activities	86
6c. HCFC HPMPs	Swaziland	HCFC Phaseout Management Plan Related Activities	1,991
6c. HCFC HPMPs	Timor Leste	HCFC Phaseout Management Plan Related Activities	6
6c. HCFC HPMPs	Trinidad and Tobago	HCFC Phaseout Management Plan Related Activities	103
6c. HCFC HPMPs	Uruguay	HCFC Phaseout Management Plan Related Activities	267
39		Grand Total	68,934

Note: These figures are estimates derived based on preliminary assumptions and existing funding envelope and do not represent actual phase-out cost.

5. Activities included in the Business plan that needs special consideration

While the preceding paragraph 4 of this report dealt specifically with 2011 activities only, section 5 is related to all years.

5.1. HCFCs

UNDP has been a pioneer in initiating work related to HCFCs. In 2006-07, UNDP was the first agency to assist twelve countries to complete their HCFC surveys. Since then, the 19th Meeting of the Parties of the Montreal Protocol took the decision to include HCFCs in the list of substances that are eligible for funding by the Multilateral Fund (MLF). As a result, various decisions were taken by the Executive Committee of the MLF, allowing UNDP to advance quickly in this new area.

In 2008-10, UNDP received approvals of 86 HCFC project preparation (PRP) activities for 38 countries, mostly with a view to formulate HCFC Phase-out Management Plans (HPMPs), HCFC Sector Plans, or individual phase-out projects. In 2011, as most countries have been covered, as far as preparation of HPMPs and other projects. HPMPs and related projects should be approved as soon as possible in order to achieve the 2013 and 2015 HCFC-reduction-benchmarks. Through 2010, UNDP has received HCFC-related approvals for 12 surveys, 7 pilot/demonstration projects for innovative technologies, 8 individual investment projects in 5 countries and 8 HPMPs. UNDP hopes to finalize most of the remaining HPMPs very soon for approval in 2011 and 2012.

As mentioned, 7 HCFC Technology Assessment/Demonstration projects were approved for UNDP for Brazil, China, Egypt, Mexico, and Turkey. They will test the use of alternative technologies to HCFCs, such as methyl formate, methylal, HFO, and hydrocarbons in the Foams, Refrigeration, and Solvents sectors. As in the past, a major objective of such types of demonstrations is to find cost-saving methods to the MLF in order to carry out HCFC-investment activities in future years, bearing in mind the impact on climate. The results of the assessment of methyl formate as a foam blowing agent in Brazil have already been submitted to the Executive Committee.

5.2. Waste Management/Destruction

For the last several years, the UNDP Montreal Protocol & Chemicals Unit has been requested by countries for support to assist them to manage their stocks of ODS which cannot be reused in a sound way. The potential for recovery, proper management and final disposal of such unwanted ODS and ODS containing appliances/equipments banked, have been proven as being possible in developed countries if the proper legislation and price incentives, as well as business opportunities, exist. However, the applicability of banks management schemes in developed countries needed to also be demonstrated in Article 5 countries. The Executive Committee has approved five preparation activities for Brazil, Colombia, Cuba, Ghana and India, to address ODS waste management leading to ODS destruction. Two such projects have already been submitted in 2010 of which one was approved (Cuba). All others are expected to be submitted in 2011.

Furthermore, for some of these countries we considered the high probability to find synergies with other sources of funds such as the GEF (via market transformation for EE and appliances replacement). UNDP's GEF programme on energy-efficiency, as related to refrigeration sector is significant and often provides links with ODS-waste management/destruction efforts and brings the volume of waste required for such schemes. The most important point concerning these management schemes is the huge potential for mitigating climate change and the opportunities to tap into the carbon markets to finance the destruction of ODS banks.

As the Executive Committee decided to consider an additional number of such demonstration projects in LVCs, UNDP has requested funds for two such cases.

5.3. Resource Mobilization for Climate Co-Benefits of HCFC Phase-out

The overall objective of UNDP's proposal is to develop concrete projects/interventions that lead to maximizing the climate benefits of HCFC phase-out. In seeking to achieve this objective, UNDP will strive to leverage its experience as a one-stop-shop in environmental finance, with an emphasis on sequencing different funding sources such as bilateral donors and private sector partners.

UNDP proposes to develop four concrete projects, which would contain details of technical interventions at the enterprise/sector level to improve energy-efficiency, national-level policy and regulatory interventions to sustain such interventions and their climate impacts and the accounting of such climate impacts as a result of such interventions. These proposals will be developed within the framework of the obligations of the selected A5 countries under their respective HPMPs.

UNDP sees the most potent opportunity to maximize climate benefits in HCFC phase-out in the Refrigeration and Air Conditioning manufacturing sectors, particularly in those A5 countries where HCFC phase-out in these sectors has been prioritized for Stage-I compliance. UNDP's positioning as the lead agency for HPMPs (and for the Refrigeration and Air Conditioning sectors) in major A5 countries, as well as its positioning in financing of environmental programmes through non-conventional financing, primarily due to its technical and policy expertise and its close relationship with several bilateral and private sector donors make it well positioned to implement such a strategy.

UNDP has made several presentations at Executive Committee and Meeting of the Parties (MOP) meetings throughout 2009 and 2010 in the hope to facilitate understanding of the needs for a special facility for funding climate benefits and its governance. UNDP has also submitted to the ExCom (at the 58th, 59th, 60th, 61st, and 62nd meetings) a resource mobilization project proposal that if approved would help to bridge the knowledge gap that currently exists in this regard and enable better assistance to countries to find funding opportunities for elements not covered under the MLF UNDP has invested significant personnel time and effort in sharing ideas and disseminating knowledge during the discussions. Nevertheless a decision about funding has been postponed to 2011 and now we have again re-submitted the proposal for attention of the 63rd ExCom as part of UNDP's work programme.

6. Measures to expedite implementation of projects and those critical to compliance

6.1. Phase-out from Approved Ongoing Individual Projects.

Whatever ongoing individual projects there may still remain, it should be noted that all CFCs should have been phased out by 1 January 2010⁵ so that it doesn't make sense to list the remaining ODP from such projects. Apart from a few exceptions, most HCFC projects would be considered under multi-year agreements rather than as individual projects. Also, HCFC demonstration projects were approved as pilot projects without any phase-out associated to them.

While we therefore feel that this information may be unnecessary, we do list the few projects that remain in this category of projects. Kindly also note that information on which projects are completed and which are ongoing is only estimated in this table, as this information will only be fully known at the time of our progress report.

Table 8 below indicates the amount that will be phased out from approved, ongoing individual projects.

⁵ Unless otherwise agreed by the Parties (such as in the case of MDIs).

Chemical	MLF Nr	Short Title *	2011	2012	2013
CFC	BAR/REF/43/TAS/11	RMP: TAS for MAC and End Users	11.4		
CFC	BAR/REF/43/TAS/12	RMP: Monitoring	1.7		
CFC	BRU/REF/44/TAS/10	RMP: TAS for REF and MAC	52.3		
CFC	CBI/REF/44/TAS/08	RMP: TAS for REF servicing	1.3		
CFC	CHD/REF/38/TAS/09	End-users incentive programme	6.0		
CFC	CHI/REF/48/INV/160	Terminal umbrella for manuf in refrigeration	21.7		
CFC	GBS/REF/43/TAS/07	RMP: TAS for MAC and End Users	14.3		
CFC	HAI/REF/39/TAS/04	Recovery and recycling of CFC-12	88.6		
CFC	HAI/REF/39/TAS/06	Monitoring of the RMP	11.8		
CFC	MDV/REF/38/TAS/05	End-users incentive programme	2.2		
CFC	SIL/REF/41/TAS/06	Incentives for comm/ind refr	16.4		
CFC	SIL/REF/41/TAS/07	MAC recovery/recycling of CFC-12	9.4		
CFC	SRL/REF/32/TAS/15	End-users incentive programme	5.0		
CFC	BGD/ARS/52/INV/26	MDI Investment Program	76.3		
CFC	COL/ARS/56/INV/71	Manufacturing of MDIs	7.4		
CFC	IND/ARS/56/INV/423	Manufacturing of MDIs			564.6
CFC	PAK/ARS/56/INV/71	Manufacturing of MDIs	83.8		
CTC	COL/PAG/48/INV/66	CTC as process agent at Prodesal S.A.	2.0		
Halons	DOM/HAL/51/TAS/39	National halon bank update	1.2		
HCFC	BGD/FOA/62/INV/38	Rigid (insulation refrigeration)		20.2	
HCFC	CPR/REF/60/DEM/498	Commercial	3.4		
HCFC	CPR/REF/60/DEM/499	Commercial	13.8		
HCFC	EGY/FOA/62/INV/105	Rigid (insulation refrigeration)		13.9	
HCFC	EGY/FOA/62/INV/106	Rigid (insulation refrigeration)		2.4	
HCFC	EGY/FOA/62/INV/107	Rigid (insulation refrigeration)		11.2	
HCFC	EGY/FOA/62/INV/108	Rigid (insulation refrigeration)		9.9	
HCFC	MEX/FOA/59/INV/148	HCFC-141b phaseout in dom ref at Mabe			55.8
MeBr	AFR/FUM/38/TAS/32	Regional MeBr phase-out for LVC's	1.5		
MeBr	FIJ/FUM/47/TAS/17	TAS for methyl bromide	2.1		
MeBr	MAL/FUM/43/TAS/151	TAS for non-QPS uses of MeBr	8.7		
ODS-Waste	CUB/DES/62/DEM/46	Demonstration			45.3
			442.3	57.6	665.7

6.2. Strengthening the Network of UNDP staff and Experts in the Field and Challenges

During 2010, UNDP continued its efforts to reinforce its capacities both at the field level and at HQ in anticipation of the work related to HPMPs as they are developed and approved. As a result, a new staff member joined our Bangkok-based team and two more are under recruitment to strengthen the teams handling the Africa/Arab/CIS and LAC regions. In addition, MPU has continued strengthening its presence in the field in regions where the bulk of HPMP work will be carried out, mainly Asia and Latin America, where additional staff were placed at country offices to assist with the increasing workload due to the phase out of HCFCs and our lead implementing agency role in so many large consuming countries. These measures have allowed for better monitoring and trouble-shooting assistance at the field level. MPU also continues to strive to improve its capacity at headquarters to assist with recruitments and contracting, be it at the global level or to provide specific assistance at the national level. Specifically, UNDP has recruited one additional professional staff at Headquarters.

As far as technical support to countries, UNDP has introduced for approval in January 2011 meeting of the UNDP Contracts, Assets, and Procurement Committee (CAP) a proposal for a competitive selection process for "bulk recruitment" of experts and succeeded in getting this modality approved. This has enabled the Unit to issue individual contracts for the selected experts when the countries need them for assignments during the next three years and without having to go through individual and long procurement processes.

- MPU's strategy remains deeply rooted in the "Country Driven" concept: working consistently with national experts and institutions, and national Governments, so as to better address the needs of countries and speed up response time at the field level; conducting monitoring and evaluation of multi-year performance-based phase-out projects with agreements in close cooperation with national experts and government focal points as well as with other IAs; and continuing with the National Execution (NEX) modality, that serves to enhance the role of national experts and national institutions, and thereby building national capacity.
- UNDP wishes to emphasize again that while it believes that enhanced field presence allows for more direct supervision of activities, UNDP continues to encounter difficulties to work in some countries, mainly LVCs, where the current (and future) portfolio of projects does not bring the level of support cost that allow for reimbursing the country office at a rate that would bring sufficient level of monitoring and/or allow for the level of consultancy components to ensure smooth implementation.
- Finally, UNDP will continue to focus on following up with executing agencies and country offices to financially close outstanding operationally completed projects in order to return remaining funds to MLF. Our finance team will continue to ensure adequate management of financial reporting and follow-up on requirements related to the implementation of national and sector phase-out plans, and maintain close contacts with the Secretariat and Treasurer.

6.3. Management and Supervision of National/Sector Plans

There are currently 42 ongoing Performance Based National and Sector Plans with UNDP.

- UNDP will continue to assist the countries in which it is implementing national and sector phase-out plans to establish and sustain the infrastructure for the National Implementation and Monitoring/ Management Units approved under the national/sector Plans, working closely with Government and operating under MLF and UNDP guidelines related to procurement of goods, data verification requirements, proper financial management and auditing, as well as required reporting on the progress of the Plans.
- National ODS legislative and regulatory frameworks are assessed and, if deemed inadequate to support and sustain the target reductions contained in a performance-base agreement, are presented to the relevant Government authorities with suggested revisions. Monitoring of ODS imports and distribution will continue to be strengthened as a mechanism to prevent enterprises (who have converted) from making future purchases of these ODS. UNDP will also continue to assist countries put in place, or strengthen, verification mechanisms, both from a top-down approach - ensuring that appropriate licensing systems are in place, as well as a bottom-up approach – supporting enhancement of government registries that detail purchasers of ODS, as well as enterprises that have been assisted by the Fund.
- As far as meeting agreed targets, UNDP and Government staff will continue to work in partnership to establish the mechanisms for preparation of projects to be funded under the Plans (in accordance with MLF guidelines, independent technical reviews etc.), as well as to monitor their implementation (procurement of equipment/materials, list of equipment to be destroyed, technology selection regulations, etc.). Reports on progress, key to measuring success of implementation and phase-out, as well as identifying challenges, are the result of a collaborative effort between National Management teams and UNDP.

UNDP believes that the aforementioned measures will continue to assist countries to expedite implementation of ongoing programmes and also enable them to efficiently implement the upcoming HPMPs.

Since the workload has risen significantly due to the new control measures related to HCFCs, and as already mentioned, MPU has addressed and continue to address the need for additional staff and finding ways to facilitate procurement and technology transfer processes to ensure speedy implementation. Therefore changes are ongoing in the MPU business model, such as new staff recruitment, an improved roster of internal and external partners and experts, as well as greater internal partnerships across focal areas. UNDP senior management has offered full support to the MPU to address these issues as they understand that the overall

success of this programme will not only help countries to comply with the accelerated phase-out of HCFCs but will also bring significant climate mitigation benefits.

6.4. Country Developments and UNDP Efforts to Address Compliance

6.4.1. UNDP efforts in countries addressed by the Implementation Committee and by the MOP

UNDP is continuing to assist countries address their compliance commitments, following issues raised by the Implementation Committee in 2010. These include countries where UNDP manages the Institutional Strengthening programmes, as well as countries where UNDP is playing a significant role in a particular sector. In addition to the measures mentioned above, there are no new compliance issues for UNDP countries as discussed in the last Implementation Committee and MOP meetings in Bangkok.

6.4.2. UNDP efforts to support verification of Article 7 data (in support of Decision 41/16)

As part of the activities that UNDP will continue to undertake in 2011, and as done in the past for UNDP-IS countries, UNDP will continue to work with National Ozone Units in partner countries to verify the consistency of their Article 7 data reporting and project phase-out data presented. The underlying aim of such an exercise is to ensure the accuracy of data in order to facilitate verification of phase-out achievements and identify potential and/or existing problem areas, such that remedial action, as necessary, may be initiated. In addition, lessons learned and recommendations gathered from independent verification reports are taken into consideration by UNDP and partner Governments in order to enhance reliability and consistency of data reporting.

7. 2011 PERFORMANCE INDICATORS

Decision 41/93 of the Executive Committee approved the following indicators to allow for the evaluation of performance of implementing agencies, with the weightings indicated in the table below. UNDP has added a column containing the “2011 targets” for those indicators. Some of these targets can be extracted from UNDP’s 2011 business plan to be approved at the 63rd ExCom meeting in April 2011. It should however be noted that this table is usually being revised at that meeting, depending on the decisions that are taken.

Category of performance indicator	Item	Weight	UNDP’s target for 2011	Remarks
Approval	Number of annual programmes of multi-year agreements approved vs. those planned (new plus tranches of ongoing MYAs).	20	41	2 tranches from approved HPMPs + 39 countries listed in table 8; We assumed that on average, one MYA-tranche would be submitted per country listed. Indeed, individual HCFC projects must be submitted as part of the MYA, and sector plans usually get merged into the overall HPMP as well.
Approval	Number of individual projects/activities (DEM, INV, TAS, one-off TPMPs, TRA, IS) approved vs. those planned	20	22	12 IS-extensions, 2 global TAS, 2 DEM HCFC projects, 6 DEM ODS-Waste projects. It should be noted that all HCFC-related activities now need to be submitted under the HPMP as part of an MYA so that they would not count under this category.
Implementation	Milestone activities completed /ODS levels achieved for approved multi-year annual tranches vs. those planned	20	7	There are 7 ongoing HPMPs and it is assumed that all will achieve their ODS-related benchmarks in 2011.
Implementation*	ODP phased-out for individual projects vs. those planned per progress reports	5	tbd	Will be known when submitting progress report.
Implementation*	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress	5	tbd	Will be known when submitting progress report.

Category of performance indicator	Item	Weight	UNDP's target for 2011	Remarks
	reports			
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	10	tbd	To be discussed with the MLF Secretariat
Administrative	Speed of financial completion vs. that required per progress report completion dates	10	On time	
Administrative*	Timely submission of project completion reports vs. those agreed	5	On time	
Administrative*	Timely submission of progress reports and responses unless otherwise agreed	5	On time	

Note: tbd = to be determined