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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-ninth Meeting
Montreal, 15-19 April 2013

UNDP BUSINESS PLAN FOR THE YEARS 2013-2015

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 2013-2015 planning period. It also contains UNDP's business plan performance indicators and recommendations for consideration by the Executive Committee. UNDP's 2013-2015 business plan narrative is attached to the present document.

2. Table 1 sets out, 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 (2013-2015) (US \$000s)

Required/Not required by model	2013	2014	2015	Total
Required for compliance				
Approved MYAs (including HPMPs) and Standard Costs	43,731	21,019	21,951	86,701
HPMP Stage I	175	383	69	627
HPMP Stage II		1,788	7,646	9,434
HPMP Preparation - Stage II	834	5,355		6,188
Not required for compliance				
Disposal	116	1,626		1,742
ODS alternative mapping studies	1,117			1,117
Grand Total	45,973	30,171	29,666	105,810

3. UNDP has included activities valued at US \$45.97 million in 2013 and a total value of US \$105.8 million over the period 2013 to 2015.

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 business plan.

Table 2

REQUIRED FOR COMPLIANCE WITH MYAs AND STANDARD COSTS (2013 to 2015) (US \$000s)

Required by Model	2013	2014	2015	Total
Approved MYAs	39,624	16,265	17,816	73,705
Core Unit	2,012	2,027	2,041	6,080
IS	2,094	2,728	2,094	6,916
Total (required for compliance for MYAs and standard costs)	43,731	21,019	21,951	86,701

5. The value associated with MYAs for the period 2013 to 2015 consists of US \$73.7 million for HCFC activities.

6. The funding levels for IS have been agreed until 2015 as per decision 61/43(b). At its 63rd meeting the Executive Committee decided to maintain current levels of funding for IS for business

planning purposes until such time as a decision is taken on the actual levels (decision 63/5(b)). However, the information has been included in the 2013-2015 business plans up to 2020.

7. Although funding levels for IS and the timing of the submission of those requests are known, UNDP has included values for IS in its business plans that vary from those allowed under the current funding structure by US \$21,053 for the period of 2013 to 2020 (including US \$6,822 for the period of 2013 to 2015). The Secretariat's proposed adjustments would modify the business plans of the implementing agencies according to the current funding structure.

8. Core unit costs are expected to be maintained at the rates of increases that have been agreed to-date. UNDP has included values for core unit costs in its business plans that vary from the rate agreed to-date by US \$10.4 million for the period of 2016 to 2020. The Secretariat's proposed adjustments would modify the business plans of the UNDP according to the agreed levels.

HCFC ACTIVITIES

Stage I of HCFC phase-out management plans (HPMPs)

9. There is one non-low-volume-consuming (LVC) country for which stage I HPMP has not yet been approved. The business plan includes US \$83,000 for the period of 2013 to 2015.

10. In addition, three countries included additional projects outside their stage I HPMPs amounting to US \$444,194 for the period of 2013-2015. These requests fall under different decisions that allow these countries to submit additional projects during the implementation of stage I.

11. UNDP's 2013 business plan includes a request for South Sudan for which HCFC consumption data has not yet been reported to the Ozone Secretariat. The stage I HPMP value amounting to US \$100,000 has been included in the business plan for the period of 2013 to 2015.

Stage II HPMP/HCFC project preparation

12. At its 63rd meeting, the Executive Committee decided that project preparation could be funded for stage II activities and might be included prior to the completion of Stage I in business plans for the years 2012-2014 (decision 63/5(f)(i)). The total level of funding for project preparation for stage II HPMPs is US \$6.2 million for the period of 2013 to 2015.

13. UNDP has proposed amounts in its business plans that exceed by US \$358,022 the maximum level allowed for project preparation for HPMPs and HCFC investment projects pursuant to decisions 55/13 and 56/16 for the period of 2013 to 2020 (including US \$240,254 for the period of 2013 to 2015). The Secretariat's proposed adjustments would reduce the level of funding in UNDP's business plan. The guidelines for stage I HPMP project preparation that were applied to stage II preparation requests were based on 2007 HCFC consumption and those guidelines have not been updated to replace 2007 HCFC consumption data with the established HCFC baselines.

Stage II HPMPs in LVC countries

14. The total level of funding for projects for the HCFC servicing sector in LVC countries to reach a 35 per cent reduction from the baseline is US \$210,043 for the period of 2013 to 2015. The amount of phase-out has not been provided for this period.

15. The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable level provided for LVC countries in line with decision 60/44(f)(xii) for the HCFC servicing sector, according to 35 per cent reduction from the baseline. This would increase the total level of funding for

these projects by US \$85,755 for the period of 2013 to 2020 (including US \$1,337 for the period of 2013 to 2015).

Stage II HCFC servicing sector in non-LVC countries

16. UNDP business plan did not specify the subsector to be covered by stage II HPMPs. The Secretariat has assumed activities with HCFC-22 in the refrigeration servicing sector. The total level of funding for projects for the refrigeration servicing sector in non-LVC countries is US \$6.1 million representing a reduction of 64.7 ODP tonnes for the period 2013 to 2015. Decision 60/44(f)(xv) establishes a threshold of US \$4.50/kg. The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable of 35 per cent of the baseline for the refrigeration servicing sector in non-LVC countries as per this decision and reduce the total level of funding for these projects by US \$37.95 million for the period of 2013 to after 2020 (including US \$1.6 million for the period of 2013 to 2015).

Foam general

17. UNDP business plan did not specify the foam subsector to be addressed in stage II HPMP. The Secretariat has assumed activities with HCFC-141b as the foam sector. The total level of funding for projects for the foam sector is US \$3.1 million representing a reduction of 32.6 ODP tonnes for the period 2013 to 2015. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$6.92/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 \$27.2 million for the period of 2013 to 2020 (including US \$2.4 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

Refrigeration general (ICR)

18. The business plan does not include funding for refrigeration ICR for the period of 2013 to 2015. However, the total level of funding for projects for HCFCs in the refrigeration ICR sector is US \$101.7 million representing a reduction of 615.2 ODP tonnes for the period after 2015. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$10.65/kg for the refrigeration 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 \$10.3 million for the period of 2016 to 2020 to reach a 35 per cent reduction of the baseline.

Solvent

19. The business plan does not include funding for solvents for the period of 2013 to 2015. However, the total level of funding for projects for HCFCs in the solvent sector is US \$9.8 million representing a reduction of 126.9 ODP tonnes for the period after 2015. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold of US \$4.5/kg and reduce the total level of funding for these projects by US \$3.5 million for the period of 2016 to 2020 to reach 35 per cent reduction of the baseline.

Activities not required for compliance

ODS disposal activities

20. UNDP's business plan includes US \$1.7 million for ODS demonstration projects that would result in the destruction of 178 ODP tonnes of ODS for the period 2013-2015. Out of the US \$1.7 million, US \$116,000 is for ODS destruction activities for LVC countries in 2013 that would result in the

destruction of 3.0 ODP tonnes. It also includes funding for demonstration projects for Brazil and India that will be submitted in 2014.

21. The demonstration project in Brazil has not been submitted yet due to the pending implementation of the government's plan for fridge replacement and de-manufacturing, which is considered important to secure the large volume of CFCs to be recovered and destroyed. However, due to externalities related to the world economic crisis, this plan could not be implemented, thus postponed the demonstration project in Brazil. The situation is being closely monitored to allow the submission of this project to the Secretariat.

22. The ODS disposal project in India is highly complex and the expected outcome is a sustainable and implementable business model, which has required extensive and intensive stakeholder consultations. In addition, the project was considered less a priority compared to HPMP development and implementation due to compliance requirements, but the development of the project is now prioritized.

23. UNDP also indicated that there was a high probability of finding synergies with other sources of funds such as the Global Environment Facility (GEF). UNDP's GEF programme on energy-efficiency, as related to the refrigeration sector, is significant, and often provides links with ODS-waste management/destruction efforts and brings the volume of waste required for such schemes.

Mapping of ODS alternative

24. The business plan includes US \$1.1 million for technical assistance projects on mapping of ODS alternatives at the national level in nine countries covering: Cuba, Dominican Republic (the), Egypt, India, Iran (Islamic Republic of), Kuwait, Lebanon, Malaysia and Nigeria. It is expected that these studies should result in an understanding of the level of consumption of alternatives to HCFCs. The Executive Committee may wish to consider whether activities not required for compliance should be removed, maintained, or maintained but re-phased to after 2013, in the business plans in the light of the budgetary limitations for activities required for compliance.

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

25. After making the adjustments proposed above, the total value of UNDP's 2013-2015 business plan is US \$101.6 million as shown in Table 3.

Table 3

RESOURCE ALLOCATION IN UNDP'S BUSINESS PLAN SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2013-2015) (US \$000s)

Required/Not required by model	2013	2014	2015	Total (2013-2015)	Total (2016-2020)	Total After 2020
Required for compliance						
Approved MYAs (including HPMPs) and Standard Costs	43,729	21,015	21,949	86,694	27,211	21
HPMP Stage I	175	383	69	627	180	0
HPMP Stage II	0	476	4,988	5,464	145,570	6
HPMP Preparation - Stage II	812	5,137	0	5,948	1,126	0

Required/Not required by model	2013	2014	2015	Total (2013-2015)	Total (2016-2020)	Total After 2020
Not required for compliance						
Disposal	116	1,626	0	1,742	0	0
ODS alternative mapping studies	1,117	0	0	1,117	0	0
Grand Total	45,949	28,637	27,006	101,592	174,087	27

Performance indicators

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

Table 4

PERFORMANCE INDICATORS

Item	2013 Targets
Number of annual programmes of multi-year agreements approved versus those planned (new plus tranches of ongoing MYAs)	27
Number of individual projects/activities (investment and demonstration projects, TAS, institutional strengthening) approved versus those planned	21
Milestone activities completed/ODS levels achieved for approved multi-year annual tranches versus those planned	25
ODS phased-out for individual projects versus those planned per progress reports	58
Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects versus those planned in progress reports	18
Number of policy/regulatory assistance completed versus that planned	1 out of 2 (50%)
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

Policy issues

27. UNDP presents four policy issues in its business plan narrative. The first two issues relate to the need to complete the HPMP Stage II submissions and the HPMP Stage II preparation guidelines. UNDP then addresses the backlog of project completion reports (PCRs) that are due and asks for an agreement with the Secretariat on a schedule for submission of these outstanding reports. Normally, the Senior Monitoring and Evaluation Officer agrees a set of PCRs for submission in cases where there is a large backlog. The last issue relates to the proposed activity for mapping ODS alternatives at the national level.

Modifications to business plans

28. Following its submission, UNDP requested the removal of the mapping of ODS project for Nigeria in the amount of US \$128,400 from the 2013 business plan.

RECOMMENDATIONS

29. The Executive Committee may wish to consider:
- (a) Noting the 2013-2015 business plan of UNDP as contained in document UNEP/OzL.Pro/ExCom/69/8;
 - (b) Approving the performance indicators for UNDP set out in Table 4 as contained in document UNEP/OzL.Pro/ExCom/69/8; and
 - (c) Removing the ODS alternative mapping study for Nigeria in the amount of US \$128,400 from the 2013 business plan.

**69th Meeting of the Executive Committee of the Multilateral Fund for the Implementation
of the Montreal Protocol
(Montreal, 15-19 April 2013)**

UNDP 2013 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 2013 through 2015. Figures are also provided for the years 2016-2020, which are related to Stage I HPMP approvals, preparation funds for Stage II, and Stage II HPMP proposals. Since the guidelines for Stage II preparation funding and proposals have not been presented to and approved by the Executive Committee yet, it should be noted that this is only an estimated indication as to the needs for these years. It should also be noted that planned activities included in the 2013 column are relatively firm, while future years are indicative and are provided for planning purposes only.

The activities included for 2013 can be summarized as follows:

- 21 ongoing institutional strengthening activities, of which 10 will request an extension in 2013 for a combined amount of US\$ 2.1 million;
- Several HCFC-related activities, most of which have resulted directly from the approval of Stage I in the previous three years as well as two additional new HCFC Stage I activities for the countries of Mauritania and South Sudan.
- Preparation funding for Stage II HCFC activities, usually requested two years before the proposed submission of Stage II (in most cases, coinciding with the year that the last tranche of Stage I will be submitted);
- HCFC activities have also been included for Stage II HPMPs (2020 control targets) for several countries. However, it should be noted that these have only been provided for business planning purposes and are subject to change depending on the Stage II HPMP guidelines that are to be adopted by the Executive Committee;
- One ODS-Waste/Destruction project proposal for Georgia, which directly results from previously approved project preparation funding;
- Technical assistance for mapping of ODS alternatives at the national level in nine countries (Cuba, Dominican Republic, Egypt, India, Iran, Kuwait, Lebanon, Malaysia and Nigeria); and
- One global request for the Core Unit support cost.

The expected business planning value is US\$ 45.9 million for 2013 and US\$ 30.2 million for 2014 (including support costs).

Figures for the Stage II HPMP-related activities in 2015 and beyond were obtained using the following methodology:

1. For the approved MYAs, actual figures and ODP values were taken from the agreements between the Executive Committee and the countries concerned.
2. New entries with funding in 2013 were based on consultation with NOUs.
3. New Stage I HPMPs include Mauritania and South Sudan which are expected to be submitted for consideration of the 71st meeting of the Executive Committee.
4. HPMPs for Costa Rica and Paraguay have already been approved, but entries for potential foam projects that use pre-blended polyols have been included for these countries, mainly in 2014. These requests fall under ExCom decisions 61/47 and 63/15, which allows countries to submit them when a feasible technology is available.

5. The foam sector plan for Bolivia as part of the Stage I HPMP, which was approved for Germany in July 2011, has also been included.

Please note that the Stage II HPMP figures are tentative due to the lack of guidelines. Figures for the Stage II HPMP-related activities in 2014 and beyond are thus provided for business planning purposes only and were obtained using the following methodology:

1. We took the sector/chemical distribution as per starting point, based on the HPMP Stage I document.
2. We took the ODPs by sectors that have already been approved during Stage I and calculated the remaining eligible sector consumption by deducting the approved ODP from the original sector distribution.
3. Based on our knowledge at the country-level, we derived estimates on the ODP tonnages that would be phased out during Stage II by sector. For non-LVCs, we assumed that they would require up to 25% additional percentage for Stage II to reach at least 35%. For LVCs that phased out 10% in stage I, we assumed they would phase-out 35% in Stage II.
4. US dollar estimates were derived based on the cost-effectiveness figures that were approved during Stage I. Cost-effectiveness values were used based on experience in Stage I.
5. The year of the first tranche of Stage II and the duration of Stage II were determined on a country basis depending on the local context of the country.

2. Resource allocation

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

Table 1: UNDP 2013-2015 Business Plan Resource Allocations¹

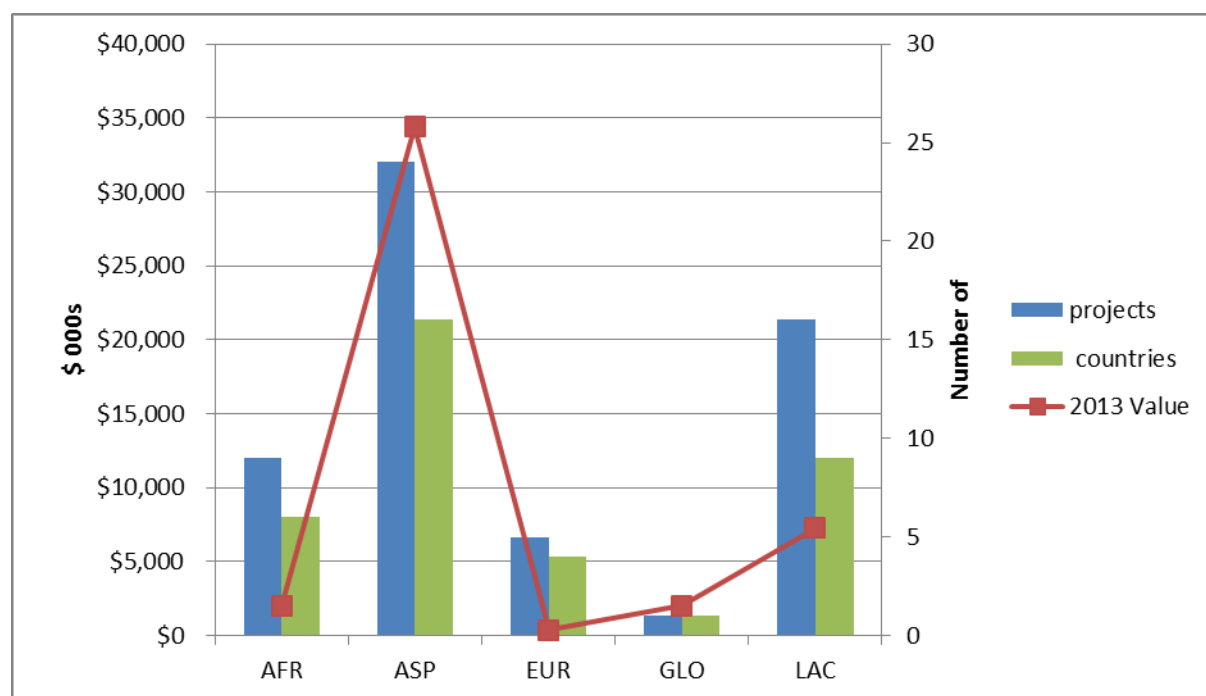
Category	2013 Value (\$000)	2014 Value (\$000)	2015 Value (\$000)
1a. Approved Stage I HPMP	39,624	16,265	17,816
1b. Stage II PRP	834	5,355	-
1c. Planned Stage II HPMP	-	1,788	7,671
2. Planned Inst. Str.	2,094	2,728	2,094
3. Non-investment projects	1,117	-	-
4. Planned Stage I HPMPs	175	383	69
5. ODS Waste	116	1,626	-
6. Core and Mobilization	2,012	2,027	2,041
Grand Total	45,973	30,171	29,691

3. Geographical distribution

The UNDP Business Plan will once again cover all the regions, with approved and new activities in 53 countries, 37 of which have funding requests in 2013. The number of countries, activities and budgets per region for 2013 is listed in Chart 1.

¹ All values include agency support costs.

Chart 1: UNDP 2013 MYA Tranches² and New Activities per Region³



4. Programme Expansion in 2013

4.1. Background

UNDP's 2013-2015 Business Plan has mostly been developed by taking previous years' business plans into consideration and through communication with countries that have expressed an interest in working with UNDP to address their compliance and other needs.

Clarifications were sought and overlaps were resolved during discussions with the MLF Secretariat and other Implementing and bilateral Agencies during and post the Inter-Agency Coordination meeting held on 30 January until 1 February 2013 in Montreal.

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

Coordination with other bilateral and implementing agencies. As in the past, during 2013 UNDP will continue to collaborate with both bilateral and other implementing agencies, as lead agency or cooperating agency. Collaborative arrangements in programming will also continue with bilateral agencies, the Government of Italy and the Government of Japan.

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,

²All values include agency support costs.

³EUR contains CIS-countries that receive MLF funding. US \$11m from the total in Asia Pacific region is for China tranches.

where the overall cost-effectiveness was applied to each individual funding tranche.

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

Chemical	2013 ODP	2014 ODP	2015 ODP
CFC (waste)	3.00	175.00	-
HCFC-141b	259.27	52.18	100.41
HCFC-22	124.68	150.38	188.57
HCFC*	130.65	10.53	16.13
Grand Total	517.59	388.09	305.10

*The split between the various HCFCs is often difficult to determine, especially where various agencies are active in one HPMP. It is for those cases that the category “HCFC” was used.

4.3. Project preparation for Stage II HPMPs

Project preparation funding has been included in 2013 for Stage II HPMPs in seven countries (Armenia, Colombia, Democratic Republic of Congo, Kyrgyzstan, Moldova, Nigeria, and Timor-Leste) for US\$ 833,530. The majority of countries will be submitting requests for project preparation in 2014. This amounts to US\$ 5.4 million (including support costs) in 16 countries. As per the guidance of the MLF Secretariat, the amounts have been mainly requested two years prior to the end of Stage I and were based on what was requested for Stage I (which was based on 2007 consumption data). It is however understood that guidelines for Stage II project preparation funding (PRP) are to be considered by the Executive Committee’s at its 69th meeting and we understand that the US\$ numbers for these PRP activities might be revisited at that time. Considering the large number of such PRP requests expected in 2013 and 2014, it is hoped that these guidelines can be approved quickly.

4.4. Non-investment projects

Also included in **Annex 1** are UNDP’s 11 individual planned non-investment projects in 2013, with a total value of US\$ 3,245,842, including support costs. This list includes one global request under the core unit, nine non-investment projects, and one demonstration project proposal in ODS-Waste Destruction/Management in Georgia (for which project preparation funds have been received). The ODS-Waste project in Georgia is being submitted to the 69th ExCom for its consideration.

Technical assistance for mapping of ODS alternatives at the national level has been included in nine countries (Cuba, Dominican Republic, Egypt, India, Iran, Kuwait, Lebanon, Malaysia and Nigeria). The objective of this is to survey and map HCFC alternatives to: establish the market penetration of current commercially available HCFC alternatives, in terms of supply chain and costs, performance and environmental impact; and identify emerging HCFC alternatives, in terms of their expected market introduction and availability, performance and projected costs.

Details on all these requests will also be included in the respective Work Programmes to be submitted throughout 2013.

Table 5: Individual Non-Investment projects (DEM/TAS) in 2013

Agency Category	Country	Sector and Subsector	2013 Value (\$000)
3. Core	Global	Core Unit Support	2,012

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”

Agency Category	Country	Sector and Subsector	2013 Value (\$000)
4. Non-investment	Cuba	Mapping of ODS Alternatives at the National Level	75
4. Non-investment	Dominican Republic	Mapping of ODS Alternatives at the National Level	120
4. Non-investment	Egypt	Mapping of ODS Alternatives at the National Level	120
4. Non-investment	India	Mapping of ODS Alternatives at the National Level	193
4. Non-investment	Iran	Mapping of ODS Alternatives at the National Level	128
4. Non-investment	Kuwait	Mapping of ODS Alternatives at the National Level	128
4. Non-investment	Lebanon	Mapping of ODS Alternatives at the National Level	96
4. Non-investment	Malaysia	Mapping of ODS Alternatives at the National Level	128
4. Non-investment	Nigeria	Mapping of ODS Alternatives at the National Level	128
6. ODS Waste	Georgia	Demo on ODS Banks Mgt and Destruction	116
TOTAL			3,246

Please note that the ODS-Waste projects for India and Brazil will be submitted for consideration in 2014 and are therefore NOT reflected in the table above. Please refer to paragraph 5.2 for the reasons why these projects cannot be submitted in 2013.

In addition, UNDP will prepare 10 non-investment Institutional Strengthening project extensions in 2013, as indicated in the table below. The total value of IS renewal programming in 2013 is US\$ 2,093,953. An additional 11 IS renewals (Brazil, China, Ghana, India, Iran, Lebanon, Nigeria, Pakistan, Sri Lanka, Trinidad and Tobago, and Venezuela) will be submitted in 2014 and are thus not shown in the table below.

Table 6: Non-Investment Institutional Strengthening requests

Agency Category	Country	Sector and Subsector	2013 Value (\$000)
2. Planned Inst. Str.	Argentina	Several Ozone unit support	335
2. Planned Inst. Str.	Bangladesh	Several Ozone unit support	139
2. Planned Inst. Str.	Chile	Several Ozone unit support	200
2. Planned Inst. Str.	Colombia	Several Ozone unit support	295
2. Planned Inst. Str.	Costa Rica	Several Ozone unit support	150
2. Planned Inst. Str.	Cuba	Several Ozone unit support	160
2. Planned Inst. Str.	Georgia	Several Ozone unit support	65
2. Planned Inst. Str.	Indonesia	Several Ozone unit support	290
2. Planned Inst. Str.	Malaysia	Several Ozone unit support	299
2. Planned Inst. Str.	Uruguay	Several Ozone unit support	161
TOTAL			2,094

4.5. Formulation of HPMP related activities in 2013

UNDP has submitted HCFC Stage I Phase-out Management Plans for 48 countries. However, an important priority in 2013 will continue to be activities related to HCFC Phase-out Management Plans, including:

1. Preparing and submitting second/third tranches of Stage I HPMPs. 25 tranches worth \$39.6m is expected to be submitted in 2013.
2. Two new Stage I HPMPs countries worth almost US\$ 175,000 over the next year (see table 7 below)
3. Preparation funding for Stage II HPMPs for Armenia, Colombia, Democratic Republic of Congo, Kyrgyzstan, Moldova, Nigeria, and Timor-Leste.

Table 7: New HPMPs in 2013

Agency Category	Country	Sector and Subsector	2013 Value (\$000)
5. Planned HPMPs	Mauritania	HPMP Stage I	75
5. Planned HPMPs	South Sudan	CP/HPMP Stage I	100
TOTAL			175

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 2013 activities only, section 5 is related to all years.

5.1. Mapping ODS Alternatives at National Level, prioritizing the Foam, Refrigeration and AC sectors

UNDP has been a pioneer in the work related to HCFCs and has already received approvals for HPMPs for 48 countries out of 50 countries, which will enable countries to comply with Montreal Protocol control measures and deliver on reduction benchmarks agreed with the Executive Committee. As of December 2011, the total approvals for UNDP for HCFC-related activities amounted to almost US\$ 115 million in 48 countries.

Implementation of HCFC Phase-out Management Plans (HPMPs) in developing countries, involves technology and policy interventions for phasing out HCFCs, to comply with the control targets of the accelerated HCFC phase-out schedule. During the HPMP Stage I covering the 2013 and 2015 control targets, higher ODP HCFCs and sectors (HCFC-141b and the Foams Sector) were prioritized to maximize environmental impact. It followed that larger enterprises, where cost-effective conversions could be carried out using existing and mature technologies (hydrocarbons), were also prioritized.

While some companies addressed in Stage I were able to identify solutions, we are now facing the work to be done to phase out consumption in SMEs. It has been noted during Stage I that even in the prioritized sectors/substances (HCFC-141b, Foams Sector), for enterprises with lower levels of HCFC consumption, established alternatives to HCFCs (e.g. hydrocarbons) did not provide a sustainable solution in terms of availability, costs and performance. Similarly, in other sectors and substances, alternatives to HCFCs are in various stages of development and market introduction and reliable data in terms of costs, availability and performance is not readily available, particularly at the country/ground level.

UNDP has significant experience in carrying out similar exercises (e.g. HCFC surveys during 2005-2007, HPMP surveys in major A5 countries, etc.) and also in technology assessments of emerging alternatives (Methyl formate, Methyl Al, CO₂, R-32, Ammonia, etc.) in various sectors.

Mapping of various species of ODS alternatives at this stage, prioritizing the Foams, Refrigeration and Air Conditioning sectors, would be a valuable resource on performance, cost and availability of alternatives, to facilitate selection of appropriate safe and efficient technologies for various applications, including for Stage II HPMPs.

5.2 Resource Mobilization for Climate Co-benefits

In April 2011, the Executive Committee approved US\$ 200,000 plus agency fees for UNDP (ExCom Decision 63/20), for the preparation of four pilot demonstration projects in the refrigeration and air-conditioning manufacturing sector to examine technical interventions to improve energy efficiency, national policy and regulatory measures to sustain such interventions in order to maximize the climate impact of HCFC phase-out.

With this project, we have sought to mobilize resources from bilateral and multilateral sources as well as the private sector, which would be applied at the enterprise/sub-sector/sector level, to achieve/maximize climate benefits, beyond those that would be normally available through funding for HCFC phase-out alone. An interim report on resource mobilization for climate co-benefits was submitted to the 66th ExCom meeting, and a final report has been presented to the 69th meeting.

5.3. 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 preparation activities for Brazil, Colombia, Cuba, Georgia, Ghana and India, to address ODS waste management leading to ODS destruction. Three such projects (Cuba, Colombia, and Ghana) have already been submitted and approved by the Executive Committee in prior years. The proposal for Georgia has been submitted for consideration of the 69th ExCom.

The project proposals for Brazil and India will be submitted in 2014. The demonstration project in Brazil has not been submitted yet due to the pending implementation of the government's plan for fridge replacement and de-manufacturing. The government's plan for fridge replacement and de-manufacturing is considered important to assure the large scale volume of CFCs to be recovered and destroyed, however, due to externalities related to the world economic crisis, this plan could not be implemented, also postponing the demonstration project in Brazil. The situation is being closely monitored to allow the submission of this project to the MLF. The ODS waste project in India has not been submitted yet due to the high complexity of the project and the importance of time for due consideration to all elements that will make it sustainable.

Furthermore, for some of these countries we considered the high probability to find synergies with other sources of funds such as the GEF.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 foster public-private partnerships towards sustainable waste management schemes. In sequencing different sources of funds it is important to consider different project cycles as to avoid long delays and loss of interest from counterparts and co-financers.

6. Policy Issues

6.1. HPMP Stage II Guidelines

Guidelines for Stage II HPMPs themselves will need to be approved as soon as possible as many countries will be submitting their last tranche requests for Stage I in 2015.

6.2. HPMP Stage II Preparation

UNDP has submitted requests amounting to US\$ 7,432,319 (including support costs) for project preparation funding for Stage II HPMPs in 41 countries from 2013-2020. As discussed in an earlier section, project preparation funding has been included in 2013 for Stage II HPMPs in seven countries (Armenia, Colombia, Democratic Republic of Congo, Kyrgyzstan, Moldova, Nigeria, and Timor-Leste) for US\$ 833,530. As the time for preparing Stage II submissions is approaching rapidly, there is a need for the Executive Committee to provide guidance for Stage II HPMP project preparation activities.

From various discussions that we have had on this topic, we are concerned that the work needed to prepare Stage

II is being underestimated. Indeed, in most cases, several years have passed since Stage I has been prepared in a rapidly shifting market. As a result, we believe that the guidelines on HPMP Stage II preparation funding should include the following elements:

- Updating of sector surveys due to elapsed time of 5-6 years after Stage I preparation (for those sectors included in Stage I)
- Sector surveys for those sectors either not included or not funded in Stage I
- Survey of the Servicing Sectors for non-LVCs
- Update of overarching strategy only for countries which had their strategy changed due to cuts in whole sectors in Stage I; and for countries where baseline was drastically changed.

We also believe that the approach for determining funding levels should include the following elements:

- One lump sum amount covering all activities as mentioned above could be considered, although a breakdown may be requested by sector. The outcome would be the submission of a Stage II document for minimum 2020 compliance.
- Funding levels for individual non-LVCs should be determined taking into the country's HCFC consumption baseline and remaining eligible consumption after Stage I approval.
- Any unobligated balances from HPMP Stage I preparation funding, will either be returned in the customary exercise related to the report on project with balances, or be deducted from the balances of the agreed funding levels of the new PRP proposals.

6.3. MYA-Project Completion Reports (PCRs)

The online MYA system is still being fine-tuned but the backlog of such PCRs is huge. It would be helpful to ask agencies and the MLFS to agree with a schedule spanning several years to submit a certain number of MYA PCRs, as asking us to submit them all at once would not only be impossible to accomplish, but would also take too much time away from our routine implementation activities on ongoing programmes.

6.4. Mapping ODS alternative at national level

As explained in Section 5.1 of this business plan, implementation of HCFC Phase-out Management Plans (HPMPs) in developing countries involves technology and policy interventions for phasing out HCFCs to comply with the control targets of the accelerated HCFC phase-out schedule. While some companies addressed in Stage I were able to identify solutions, we are now facing the work to be done to phase out consumption in SMEs. It has been noted during Stage I that even in the prioritized sectors/substances (HCFC-141b, Foams Sector), for enterprises with lower levels of HCFC consumption, established alternatives to HCFCs (e.g. hydrocarbons) did not provide a sustainable solution in terms of availability, costs and performance.

Similarly, in other sectors and substances, alternatives to HCFCs are in various stages of development and market introduction and reliable data in terms of costs, availability and performance is not readily available, particularly at the country/ground level.

Mapping of various species of ODS alternatives at this stage, prioritizing the Foams, Refrigeration and Air Conditioning sectors, would be a valuable resource on performance, cost and availability of alternatives, to facilitate selection of appropriate safe and efficient technologies for various applications, including for Stage-II HPMPs.

7. 2012 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 "2013 targets" for those indicators. Some of these targets can be extracted from

UNDP's 2012 business plan to be approved at the 69th ExCom meeting in April 2013. It should however be noted that this table is usually revised at that meeting, depending on the decisions that are taken.

Category of performance indicator	Item	Weight	UNDP's target for 2013	Remarks
Approval	Number of annual programmes of multi-year agreements approved vs. those planned (new plus tranches of ongoing MYAs).	20	27	25 tranches from approved HPMPs + 2 planned HPMPs expected to be submitted in 2012. See annex 1, table 1.
Approval	Number of individual projects/activities (DEM, INV, TAS, one-off TPMPs, TRA, IS) approved vs. those planned	20	21	10 IS-extensions, 10 TAS, 1 DEM ODS-Waste project. See annex 1, table 2.
Implementation	Milestone activities completed /ODS levels achieved for approved multi-year annual tranches vs. those planned	20	25	There are 25 tranches from approved HPMPs for which milestones can be verified. HCFC-ODP related benchmarks can only be verified from 2014 (to verify the freeze).
Implementation*	ODP phased-out for individual projects vs. those planned per progress reports	5	58	ODP expected to phased out for individual projects in 2013. See annex 1, table 3.
Implementation*	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	5	18	3 demonstration, 13 institutional strengthening, and 2 investment. See annex 1, table 4.
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	10	1 out of 2 (50%)	1 out of 2 in 2013. See Annex 1, table 5
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

ANNEX 1 – TABLES RELATED TO PERFORMANCE INDICATORS

Table 1: Performance Indicator on number of MYAs

ONGOING HPMPs

Angola	HPMP
Bhutan	HPMP
Brazil	HPMP
Cambodia	HPMP
Chile	HPMP
China	HPMP (ICR Sector Plan)
China	HPMP (Solvents Sector Plan)
Congo, DR	HPMP
Costa Rica	HPMP
Cuba	HPMP
Dominican Republic	HPMP
India	HPMP
Indonesia	HPMP
Iran (Islamic Republic of)	HPMP
Jamaica	HPMP
Lebanon	HPMP
Malaysia	HPMP
Maldives	HPMP
Mexico	HPMP
Nigeria	HPMP
Panama	HPMP
Peru	HPMP
Sri Lanka	HPMP
Trinidad and Tobago	HPMP
Uruguay	HPMP

25

NEW HPMPs

Mauritania	HPMP Stage I
South Sudan	CP/HPMP Stage I

2

Table 2: Performance Indicator on number of Individual projects

INS

Argentina	INS	Several Ozone unit support
Bangladesh	INS	Several Ozone unit support
Chile	INS	Several Ozone unit support
Colombia	INS	Several Ozone unit support
Costa Rica	INS	Several Ozone unit support
Cuba	INS	Several Ozone unit support
Georgia	INS	Several Ozone unit support
Indonesia	INS	Several Ozone unit support
Malaysia	INS	Several Ozone unit support
Uruguay	INS	Several Ozone unit support

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TAS

Global	TAS	Core Unit Support
Cuba	TAS	Mapping of ODS Alternatives at the National Level
Dominican Republic	TAS	Mapping of ODS Alternatives at the National Level
Egypt	TAS	Mapping of ODS Alternatives at the National Level
India	TAS	Mapping of ODS Alternatives at the National Level
Iran	TAS	Mapping of ODS Alternatives at the National Level
Kuwait	TAS	Mapping of ODS Alternatives at the National Level
Lebanon	TAS	Mapping of ODS Alternatives at the National Level
Malaysia	TAS	Mapping of ODS Alternatives at the National Level
Nigeria	TAS	Mapping of ODS Alternatives at the National Level

10

DEM

Georgia	DEM	Demo on ODS Banks Mgt and Destruction
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Table 3: Performance Indicator on ODP phased-out for individual projects

	Consumption ODP to be Phased Out	Consumption ODP Phased Out
ARG/SEV/65/INS/168	0	0
BGD/SEV/61/INS/37	0	0
BOL/FOA/57/PRP/34	0	0
BRA/DES/57/PRP/288	0	0
CHI/SEV/63/INS/176	0	0
COL/REF/47/DEM/65	0	0
COL/SEV/64/INS/79	0	0
COS/REF/57/PRP/41	0	0
COS/SEV/65/INS/47	0	0
CPR/FOA/64/DEM/507	12.3	0
CUB/DES/62/DEM/46	45.3	0
CUB/REF/58/PRP/42	0	0
CUB/SEV/65/INS/47	0	0
GEO/DES/64/PRP/32	0	0
GEO/SEV/63/INS/31	0	0
IDS/SEV/65/INS/197	0	0
IND/ARS/56/INV/423	564.6	564.6
LEB/SEV/62/INS/73	0	0
MAL/SEV/64/INS/167	0	0
PAK/ARS/56/INV/71	83.8	83.4
PAK/SEV/62/INS/81	0	0
PAN/FOA/57/PRP/30	0	0
PAR/FOA/57/PRP/21	0	0
TRI/SEV/59/INS/24	0	0
URU/FOA/57/PRP/52	0	0
URU/SEV/65/INS/56	0	0

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Table 4: Performance Indicator on project completions

Code	Planned Date of Completion
COL/REF/47/DEM/65	13-Jan
CPR/FOA/64/DEM/507	13-Sep
CUB/DES/62/DEM/46	13-Dec
TRI/SEV/59/INS/24	13-Jan
CHI/SEV/63/INS/176	13-Mar
LEB/SEV/62/INS/73	13-Mar
PAK/SEV/62/INS/81	13-Mar
GEO/SEV/63/INS/31	13-Jun
BGD/SEV/61/INS/37	13-Jun
COL/SEV/64/INS/79	13-Oct
ARG/SEV/65/INS/168	13-Dec
COS/SEV/65/INS/47	13-Dec
CUB/SEV/65/INS/47	13-Dec
IDS/SEV/65/INS/197	13-Dec
MAL/SEV/64/INS/167	13-Dec
URU/SEV/65/INS/56	13-Dec
PAK/ARS/56/INV/71	13-Jun
IND/ARS/56/INV/423	13-Nov
18	

Table 5: Performance Indicator on policy/regulatory assistance

Country	Description
Colombia	UNDP-MPU will assist the Government of Colombia in 2013 to introduce a ban on use of HCFC 141b in Domestic Refrigeration. The ban would also apply to imports of Domestic Refrigeration equipment to Colombia.
Georgia	UNDP-MPU will coordinate and synchronize the implementation of two separately approved projects – one on ODS waste supported by MLF and the other one on disposal of obsolete POPs pesticides supported by GEF. Appropriate oversight over the projects will be carried out in 2013 to align the implementation cycles of both programmes. The main objective of such coordination would be the collection and accumulation of two different categories of hazardous wastes with ensuring safe storage in one safeguarded location (warehouse) to prepare for a simultaneous export for final disposal abroad.