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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-seventh Meeting
Montreal, 28 November - 2 December 2016

UNEP BUSINESS PLAN FOR 2017-2019

1. This document presents the UNEP business plan for 2017-2019¹ and includes: the planned activities for the phase-out of ozone-depleting substances (ODS) during the 2017-2019 period; the business plan performance indicators; and recommendations for consideration by the Executive Committee. The narrative of UNEP's business plan for 2017-2019 is attached to the present document.

SECRETARIAT'S COMMENTS

2. Table 1 sets out, by year, the value of activities included in UNEP's business plan.

Table 1: Resource allocation in the UNEP business plan for 2017-2019 as submitted (US \$000s)*

Item	2017	2018	2019	Total (2017-2019)	2020	Total after 2020
Required for compliance						
Approved HCFC phase-out management plans (HPMPs)	2,848	2,700	260	5,808	2,753	759
HPMP stage I	86	118	0	203	58	0
HPMP project preparation (PRP) - stage II	136	2,316	0	2,452	0	0
HPMP stage II	5,013	7,183	5,622	17,818	13,498	164,797
HPMP PRP - stage III	0	0	0	0	102	0
HPMP stage III	0	0	0	0	136	294
Standard activities						
Institutional strengthening (IS)	7,053	4,524	7,053	18,631	4,524	0
Compliance Assistance Programme (CAP)	10,931	11,259	11,596	33,786	11,944	0
Grand total	26,067	28,099	24,531	78,697	33,016	165,850

* Including agency support cost where applicable.

¹ A draft business plan for 2017-2019 of UNEP was discussed at the Inter-agency coordination meeting (IACM) held in Montreal from 31 August to 1 September 2016. The business plan contained in this document has addressed the issues raised at the meeting.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Secretariat's observations on activities required for compliance

Stage I of HPMPs

3. In UNEP's business plan, there are two countries (Mauritania and South Sudan) for which stage I of HPMPs have not yet been approved. The business plan includes US \$261,850 for them including US \$203,355 for the period of 2017 to 2019. The HPMP for South Sudan has been submitted to the 77th meeting².

Stage II of HPMPs in low-volume-consuming (LVC) countries

4. The total levels of funding for stage II of HPMPs in LVC countries to reach a 35 per cent reduction in HCFC baseline consumption amounts to US \$238,683 (including US \$178,240 for the period of 2017 to 2019), and to reach a 67.5 per cent reduction amounts to US \$14.13 million (including US \$121,305 for the period of 2017 to 2019).

Stage II of HPMPs in non-LVC countries

5. The total level of funding for stage II of HPMPs in non-LVC countries amounts to US \$181.75 million, including US \$17.52 million for the period of 2017 to 2019.

Project preparation for stage III of HPMPs

6. The total level of funding for project preparation for stage III of HPMPs (Chile, the Democratic Republic of the Congo and Peru) is US \$101,700 for the period after 2019.

Stage III of HPMPs in LVC countries

7. The total level of funding for stage III of HPMPs in two LVC countries (Armenia and the Republic of Moldova) amounts to US \$429,670 for the period after 2019.

Secretariat's observations on standard activities

IS

8. For IS activities, US \$23.15 million has been included of which US \$18.63 million is for the period of 2017 to 2019³, and US \$4.52 million is for 2020.

CAP

9. The cost for CAP is expected to increase at an annual rate of 3 per cent that has been agreed to-date. UNEP submitted a three-year rolling strategy for its CAP for the period of 2017 to 2019 for consideration at the 77th meeting in the context of its CAP budget request for 2017⁴.

² UNEP/OzL.Pro/ExCom/77/63.

³ In line with decision 74/51(c), to approve all IS projects and renewals at a level 28 per cent higher than the historically agreed level, with a minimum level of IS funding of US \$42,500 per year.

⁴ UNEP/OzL.Pro/ExCom/77/32.

Adjustments to the UNEP business plan for 2017-2019

10. During the IACM, adjustments to the business plans of bilateral and implementing agencies were agreed based on relevant decisions of the Executive Committee. In reviewing the revised UNEP business plan for 2017-2019, the Secretariat noted that the following adjustments were not included:

Table 2: Adjustments to the UNEP business plan for 2017-2019

Adjustment	2017-2019 (US \$000)	2020 and after 2020 (US \$000)
Values to reflect tranches of HPMP that are due but not submitted to the 77 th meeting (Antigua and Barbuda, Mozambique, Peru and the Philippines)	72	0
New HPMP activities (stages I and II) to match the proposed funding level as originally submitted to the 77 th meeting	1,306	-149,556
Project preparation for stage II of HPMPs pursuant to decision 71/42	-21	0
Stage II of HPMPs in LVC countries to the maximum allowable value to achieve 35 or 67.5 per cent reduction in the HCFC baseline consumption based on decision 74/50(c)(xii)	0	-61
Stage II of HPMPs in non-LVC countries with refrigeration servicing sector based on a maximum cost-effectiveness of US \$4.80/kg	0	-102

11. Table 3 presents the results of the Secretariat's proposed adjustments to the UNEP business plan for 2017-2019, which are also addressed in the context of the Consolidated business plan of the Multilateral Fund for 2017-2019⁵.

Table 3: Resource allocation in UNEP's adjusted business plan for 2017-2019 (US \$000s)*

Item	2017	2018	2019	Total (2017-2019)	2020	Total after 2020
Required for compliance						
Approved HPMPs	2,920	2,700	260	5,880	2,753	759
HPMP stage I	86	146		232	70	
HPMP PRP - stage II	116	2,315		2,431		
HPMP stage II	5,402	7,647	6,047	19,096	13,852	14,713
HPMP PRP - stage III				0	102	
HPMP stage III				0	136	294
Standard activities						
IS	7,053	4,524	7,053	18,631	4,524	
CAP	10,931	11,259	11,596	33,786	11,944	
Grand total	26,508	28,590	24,956	80,055	33,381	15,766

* Including agency support cost where applicable.

Performance indicators

12. UNEP submitted performance indicators pursuant to decision 71/28 in its business plan narrative. After several discussions, UNEP and the Secretariat agreed on the targets as shown in Table 4.

⁵ UNEP/OzL.Pro/ExCom/77/20.

Table 4: Performance indicators for UNEP

Type of indicator	Short title	Calculation	2017 target
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned*	42
Planning--Approval	Projects/activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)**	63
Implementation	Funds disbursed	Based on estimated disbursement in progress report	US \$13,121,810
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	193.77 ODP tonnes
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	82
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	14
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	On time
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	On time

* The target of an agency would be reduced if it could not submit a tranche owing to another cooperating or lead agency, if agreed by that agency.

** Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

13. Table 5 presents UNEP's performance indicators for its CAP, which were adopted in decision 48/7(e).

Table 5: Performance indicators for UNEP's CAP

Performance indicator	Data	Assessment	UNEP's target for 2017
Efficient follow-up to regional network/thematic meetings	List of recommendations emanating from 2014-2015 regional network/thematic meetings	Implementation rate of those meeting recommendations that are to be implemented in 2016	90 % implementation rate
Effective support to NOUs in their work, particularly guidance to new NOUs	List of innovative ways/means/products/services for supporting NOUs in their work, with specification of those destined for new NOUs	Number of innovative ways, means, products, services for supporting NOUs in their work, with specification of those destined for new NOUs	-7 such ways, means, products, services; -All new NOUs receive capacity building support.
Assistance to countries in actual or potential non-compliance (as per MOP decisions and/or as per reported Article 7 data and trend analysis)	List of countries in actual or potential non-compliance that received CAP assistance outside the network meetings	Number of countries in actual or potential non-compliance that received CAP assistance outside the network meetings	All such countries
Innovations in production and delivery of global and regional information products and services	List of global and regional information products and services destined for new target audiences or that reach existing target audiences in new ways	Number of global and regional information products and services destined for new target audiences or that reach existing target audiences in new ways	7 such products and services
Close cooperation between CAP regional teams and implementing and bilateral agencies working in the regions	List of joint missions/undertakings of CAP regional staff with implementing and bilateral agencies	Number of joint missions/undertakings	3 in each region

RECOMMENDATIONS

14. The Executive Committee may wish:
- (a) To note the UNEP business plan for 2017-2019 contained in document UNEP/OzL.Pro/ExCom/77/23; and
 - (b) To approve the performance indicators for UNEP as set out in Tables 4 and 5 of document UNEP/OzL.Pro/ExCom/77/23.
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UNEP 2017-2019 BUSINESS PLAN

PRESENTED TO THE
77TH MEETING OF THE EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION
OF THE MONTREAL PROTOCOL

OCTOBER 2016



UNITED NATIONS ENVIRONMENT PROGRAMME

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EXECUTIVE SUMMARY

The United Nations Environment Programme (UNEP) is submitting this document for the consideration to the 77th meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol. The document presents UNEP's three-year rolling Business Plan for its Montreal Protocol-related activities covering the years 2017-2019. It comprises:

- Narrative.
- Annex I: Projects planned for submission.

The focus and orientation of UNEP's work under this Business Plan continues to be defined by the evolving needs of countries operating under Article 5 of the Protocol ("Article 5 countries") as they progress in their implementation of the Montreal Protocol, and as they meet and sustain compliance with specific obligations. Through the activities identified in this Business Plan, UNEP will assist the countries with implementing their HCFC phase-out responsibilities including preparing for the 2020 target and subsequent reduction steps, strengthening the government institutions in Article 5 countries responsible for implementing and reporting on their national strategies to comply with the Montreal Protocol, and sustaining Article 5 countries' compliance with ozone depleting substance (ODS) phase out targets already met.

UNEP will achieve its Business Plan objectives by a combination of compliance assistance services delivered through the 2017 Compliance Assistance Programme (CAP),¹ as well as the ongoing and planned national, regional and global projects detailed in this document. The project services include preparation and implementation of HCFC Phase out Management Plans (HPMPs) for both Stages I and II, Institutional Strengthening projects, and technical assistance. In addition to the anticipated Business Plan activities, UNEP will implement HPMP verification projects as and when requested by the Executive Committee during the course of 2017-2019.

UNEP will deliver the projects in this 2017-2019 Business Plan and perform the project development, monitoring and reporting duties required of all Implementing Agencies through the proposed 2017 CAP Work Programme and Budget. In addition to the projects detailed in this Business Plan, UNEP continues to assist several bilateral agencies with the implementation of their Multilateral Fund projects through CAP and also engages in select partnerships for Montreal Protocol objectives complementary to the Multilateral Fund (including projects and activities).²

UNEP is planning project submissions over the next three years as follows: US\$ 26,066,689 for 2017, US\$ 28,099,335 for 2018, and US\$ 24,531,310 for 2019, all inclusive of the respective annual CAP budgets and programme support costs (PSC).

¹ In addition to the projects indicated in this Business Plan, during 2017 UNEP will also provide through its CAP 1,062 country-specific special compliance services, the operation of 10 Regional/sub-Regional Networks of Ozone Officers, facilitation of South-South cooperation, assistance with regional awareness activities, and provision of a global Information Clearinghouse that provides National Ozone Units with services that include information, communication, education, electronic knowledge management and capacity building.

² This Business Plan provides details about the individual *projects* proposed for UNEP implementation from 2017 through 2019. UNEP will report details on its performance with implementing the projects through its UNEP's Annual and Financial Progress Report. For details about *non-project-related* activities and services delivered by UNEP through the CAP, please refer to the 2017 CAP Work Programme and Budget submitted to this same meeting.

For 2017, UNEP will prepare and submit 99 projects to the Executive Committee, including new projects, planned tranches of previously-approved multi-year agreements (MYAs), and the annual CAP Work Programme and Budget for the year 2018.

UNEP proposes to adopt performance indicators for this Business Plan in line with Decisions 73/30 and the guidance received during the two Inter-Agency Coordination Meetings of 2016 (1-3 March and 31 August to 1 September).

I. METHODOLOGY

This section describes the methodology, consultations, guidance and inputs UNEP used when developing this Business Plan:

- During the first half of 2016, UNEP consulted with National Ozone Officers in Article 5 countries on their countries' business planning needs, through dialogues during meetings of Regional Networks of Ozone Officers, as well as via direct contact with Ozone Officers.
- UNEP reviewed and drew experiences gained from implementation of its 2016-2018 Business Plan (UNEP/OzL.Pro/ExCom/75/24), taking into account new trends and emerging developments. UNEP also considered the programmatic direction and activities included in its approved 2016 CAP Work Programme and Budget (UNEP/OzL.Pro/ExCom/75/33/Rev.1).
- UNEP used the Multilateral Fund's 2015-2017 consolidated business plan (UNEP/OzL.Pro/ExCom/75/21) endorsed by the Executive Committee meeting (Decision 75/22) as a guidance document for resource planning for the triennium and identification of countries requiring assistance.
- UNEP also followed the guidance provided by the Multilateral Fund Secretariat during the 2016 Inter-Agency Coordination Meetings.
- UNEP consulted with the other Implementing Agencies and bilateral agencies to increase collaborative and mutually-supportive initiatives and to avoid duplication of effort.
- UNEP considered various Executive Committee decisions as guidance for this Business Plan.

II. MULTILATERAL FUND TARGETS

A. OBJECTIVES OF THE THREE-YEAR BUSINESS PLAN

The focus and orientation of UNEP's work continues to be defined by the evolving needs of Article 5 countries as they progress in their implementation of the Montreal Protocol, and as they meet and sustain compliance with specific obligations.

UNEP's proposed 2017 CAP Work Programme and Budget submitted for the consideration of the 77th Executive Committee meeting details UNEP's vision and approach for CAP in that year. Following that approach, UNEP will provide assistance to Article 5 countries according to four overarching objectives:

- Assisting countries to comply with their upcoming HCFC phase-out commitments.
- Sustaining and enforcing compliance of phase-out targets already met.
- Building capacity to adopt alternatives to HCFCs to achieve climate co-benefits.
- Leveraging partnerships for Montreal Protocol objectives complementary to the Multilateral Fund.
- Clearing house function, regional networks, capacity building, technical cooperation and awareness.

B. RESOURCE ALLOCATION

During this Business Plan period, UNEP plans to prepare and submit for approval the projects as detailed in Annex I: Projects planned for submission 2017-2019. UNEP's proposed resource allocation plan for these projects is as follows:

Project	Type	Value (US\$ inclusive of PSC)			Total 2017-2019
		2017	2018	2019	
Required for compliance					
HPMP Stage I	PHA	2,933,978	2,069,964	203,400	5,207,342
HPMP Stage II preparation	PRP	135,600	2,316,048	0	2,451,648
HPMP Stage II	PHA	5,013,219	7,930,518	5,678,341	18,622,078
Institutional Strengthening	INS	7,053,227	4,524,220	7,053,227	18,630,674
Compliance Assistance Programme	TAS	10,930,665	11,258,585	11,596,342	33,785,592
Grand total		26,066,689	28,099,335	24,531,310	78,697,334

III. PLANNED BUSINESS PLAN ACTIVITIES

This section describes costed projects at the national, regional and global levels proposed by UNEP in the 2017-2019 Business Plan period. All of the projects are included in Annex I.

A. NATIONAL LEVEL

Through this Business Plan, UNEP plans to deliver the following projects at the national level:

- HPMP project preparation and implementation. UNEP will assist 73 with Stage II preparation in accordance with Executive Committee policies and guidelines. UNEP will also assist countries with the implementation of the non-investment components of the HPMPs (both Stages I and II), in cooperation with other Implementing Agencies and bilateral agencies. In total, during this Business Plan UNEP will be the HPMP Lead Agency for 72 countries and Cooperating Agency for 30 countries.
- Institutional Strengthening projects. UNEP provides 104 countries with ongoing technical assistance and administrative support for the implementation of their IS projects, including the submission of IS renewals and assistance with activities covered by these projects. UNEP will submit such projects as per the appropriate timing and when all the necessary pre-conditions have been met (e.g. disbursement rate, reporting obligations). This service is performed as part of CAP services, with 0% PSC to UNEP.
- New project types. There are no new projects included in this Business Plan for the years of 2017-2019.

B. REGIONAL LEVEL

Through this Business Plan, UNEP plans to deliver the following projects at the regional level:

- Regional PIC HPMP preparation (Stage II). The preparation funds will be requested in the year of 2018.

C. GLOBAL LEVEL

Through this Business Plan, UNEP does not plan to deliver the additional project at the global level.

D. NEW PROJECT TYPES

UNEP does not plan to submit the new type of projects during the 2017-2019 period.

IV. PERFORMANCE INDICATORS

UNEP expects that the services, activities and projects identified in the proposed 2017-2019 Business Plan and 2017 CAP Work Programme and Budget the will result in:

- Improved capabilities and technical skills of NOUs staff to effectively carry out approved phase-out programmes and thus ensure sustained compliance;
- Countries in non-compliance received necessary support enabling swift return to compliance;
- Increased high level political commitment to the ozone agreements;
- ODS phase-out obligations mainstreamed into national environmental strategies/policies;
- Early action taken by countries on the HCFC phase out due to HPMP preparation and information services.
- Increased number of Parties to the Montreal Protocol Amendments;
- Enhanced awareness of users and other relevant stakeholders of forthcoming reductions in ODS supply and availability of viable alternatives;
- All client countries reported Article 7 data by established deadlines and quality of reported data improved;
- Majority of client countries submitted outstanding reports on implementation of their Country Programmes to the Multilateral Fund Secretariat;
- Improved and enforced ODS related legal instruments particularly the addition of HCFCs to licensing systems and initiation of HCFC quota systems;
- NOUs provided with best available information that enable them to make decisions on alternative technologies, sound approaches and methodologies;
- Broadened and strengthened regional cooperation in the implementation of the ozone treaties;
- Increased number of countries benefiting from direct country-to-country assistance;
- Concerted actions taken at national and regional levels to combat illegal trade in ODS;
- Improved access to ODS-related technical information and enhanced experience exchange;
- Indirect support provided for the implementation of investment projects through strengthened institutional and legal frameworks.

For 2017, UNEP proposes to use the following performance indicators in line with Decision 75/25 and guidance received during the 2016 Inter-Agency Coordination Meetings:

TABLE 1: PERFORMANCE INDICATORS APPLICABLE TO ALL AGENCIES

Type of Indicator (Existing, Modified, New)	Short Title	Calculation	UNEP proposal for 2017
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Type of Indicator (Existing, Modified, New)	Short Title	Calculation	UNEP proposal for 2017
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned*	37
Planning--Approval	Projects/activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)**	63
Implementation	Funds disbursed	Based on estimated disbursement in progress report US	US\$ 8,151,324
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	27.9 ODP tonnes
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	51
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	14
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	On time
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	On time

* The target of an agency would be reduced if it could not submit a tranche owing to another cooperating or lead agency, if agreed by that agency.

** Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

TABLE 2: PERFORMANCE INDICATORS APPLICABLE TO UNEP'S COMPLIANCE ASSISTANCE PROGRAMME

Performance Indicator	Data	Assessment	UNEP's proposal for 2017
Efficient follow-up to regional network/ thematic meetings	List of recommendations emanating from 2015-2016 regional network/thematic meetings	Implementation rate of those meeting recommendations that are to be implemented in 2017	90% implementation rate
Effective support to NOUs in their work, particularly guidance to new NOUs	List of innovative ways/means/products/ services for supporting NOUs in their work, with specification of those destined for new NOUs	Number of innovative ways, means, products, services for supporting NOUs in their work, with specification of those destined for new NOUs	- 7 such ways, means, products, services; -All new NOUs receive capacity building support.
Assistance to countries in actual or potential noncompliance (as per MOP decisions and/or as per reported Article 7 data and trend analysis)	List of countries in actual or potential on compliance that received CAP assistance outside the network meetings	Number of countries in actual or potential non-compliance that received CAP assistance outside the network meetings	All such countries
Innovations in production and delivery of global and regional information products and services	List of global and regional information products and services destined for new target audiences or that reach existing target audiences in new ways	Number of global and regional information products and services destined for new target audiences or that reach existing target audiences in new ways	7 such products and services
Close cooperation between CAP regional teams and Implementing and bilateral agencies working in the regions	List of joint missions/ undertakings of CAP regional staff with Implementing and bilateral agencies	Number of joint missions/undertakings	3 in each region

V. POLICY, ADMINISTRATIVE AND FINANCIAL ISSUES

None.