



United Nations
Environment
Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/84/30
20 November 2019



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-fourth Meeting
Montreal, 16–20 December 2019

UNIDO BUSINESS PLAN FOR 2020–2022

1. This document presents the UNIDO business plan for 2020–2022¹ and includes: the planned activities for the phase-out of controlled substances under the Montreal Protocol (controlled substances) during the 2020–2022 period; the business plan performance indicators; and a recommendation for consideration by the Executive Committee. The narrative of UNIDO’s business plan for 2020–2022 is attached to the present document.

Planned activities during 2020–2022

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

Table 1. Resource allocation in the UNIDO business plan for 2020–2022 as submitted (US \$000s)*

	2020	2021	2022	Total (2020–2022)	Total after 2022
HCFC activities					
Approved HCFC phase-out management plans (HPMPs)	37,782	35,245	32,005	105,033	59,500
HPMP stage I	196	0	350	546	0
HPMP project preparation (PRP) – stage II	277	253	0	529	0
HPMP stage II	4,591	5,993	6,178	16,762	44,896
HPMP PRP – stage III	246	257	0	503	0
HPMP stage III	0	5,092	3,458	8,551	33,361
HCFC technical assistance	482	0	0	482	0
HCFC activities subtotal	43,574	46,840	41,992	132,405	137,758
HFC activities					
HFC – investment	1,819	0	0	1,819	0
HFC phase-down – PRP	756	225	0	981	0

¹ A draft business plan for 2020–2022 of UNIDO was discussed at the Inter-agency coordination meeting (IACM) held in Montreal from 9 to 11 October 2019. 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.

	2020	2021	2022	Total (2020–2022)	Total after 2022
HFC activities subtotal	2,575	225	0	2,800	0
Standard activities					
Institutional strengthening (IS)	1,687	1,186	1,687	4,560	0
Core unit	2,113	2,128	2,143	6,384	0
Standard activities subtotal	3,800	3,314	3,830	10,944	0
Grand total	49,949	50,379	45,822	146,149	137,758

* Including agency support costs where applicable.

Secretariat's comments

Stage I of HPMPs

3. A total of US \$546,137 is included in UNIDO's 2020–2022 business plan for Syrian Arab Republic.² However, its stage I of HPMP has not yet been approved and it has not been submitted to the 84th meeting.

Stage II of HPMPs

4. The total levels of funding for stage II of HPMPs in low-volume-consuming (LVC) countries to meet the 67.5 per cent reduction of the HCFC baseline amount to US \$6.86 million (including US \$4.8 million for 2020–2022), and to US \$43,902 in 2021 to meet a 100 per cent reduction.

5. The funding distribution of stage II of HPMPs for non-LVC countries by sector is provided in Table 2.

Table 2. Funding distribution of stage II of HPMPs in non-LVC countries by sector (US \$000)

Sector	2020–2022	After 2022	Total	Per cent of total (%)
Rigid foam	1,461	394	1,855	3.4
Refrigeration air-conditioning	276	0	276	0.5
Refrigeration assembly	645	0	645	1.2
Refrigeration manufacturing	2,609	27,781	30,390	55.5
Refrigeration servicing	6,926	14,660	21,586	39.4
Total	11,917	42,835	54,752	100.0

Stage III of HPMPs

6. A total of US \$41.91 million is included in the business plan for stage III of HPMPs for six countries (Armenia, Chile, Mexico, Nigeria, the Philippines, and the Sudan) (including US \$8.55 million for 2020–2022). Inclusion of stage III of HPMPs in the business plan is allowed only for those countries that had stage II of an HPMP approved to meet a reduction target by 2020 (decision 82/45(c)(i)). Four of these countries have an approved stage II with reduction target beyond 2020 (Chile, Mexico, Nigeria and the Philippines).

HCFC technical assistance regional project

7. UNIDO has included one HCFC technical assistance regional project for “promoting low-global warming potential refrigerants for air-conditioning sectors in high ambient temperature countries

² Funding was approved for the country for the phase-out of 12.9 ODP tonnes of HCFC in the refrigeration and air-conditioning sector as a stand-alone project outside its HPMP, representing 9.6 per cent of the baseline.

(PRAHA-III),” amounting to US \$481,500 in 2020. No funding window for such demonstration project is available.

HFC-related activities

8. HFC activities include an investment activity amounting to US \$1.82 million in 2020 for one country (China) and HFC phase-down preparation activities for 13 countries amounting to US \$980,660 in 2020 and 2021.

9. The HFC investment project in the extruded polystyrene foam sector in China was intended to be submitted to the 84th meeting pursuant to decision 78/3(g), but the Government decided to defer the submission to a future meeting as priority was being given to the submission of stage II of its HPMP. With respect to decision 82/77(a) requiring ratification of the Kigali Amendment as a pre-requisite of approval of further HFC projects for China, the Foreign Environmental Cooperation Center/Ministry of Ecology and Environment of China plans to speed up the ratification process and consider the submission once the Amendment is ratified or the ratification process is almost completed. This project is maintained in the business plan pending decision from the Executive Committee on whether to allow submission of this project to a later meeting.

10. Regarding the preparation activities, funding for the preparation of national implementation plans to meet initial reduction obligations for the phase-down of HFCs could be provided, at the earliest, five years prior to those obligations, after a country had ratified the Kigali Amendment and on the basis of guidelines to be approved in the future (decision 79/46(b)(iii)). Of the 13 countries, only Turkey has not ratified the Kigali Amendment, but has submitted the required letter from its Government indicating its intent to make best efforts to ratify the Amendment.

Core unit costs

11. The core unit costs³ are expected to increase at an annual rate of 0.7 per cent as agreed.

Proposed adjustments by the Secretariat

12. 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 UNIDO business plan for 2020–2022, the Secretariat noted that the following adjustments were not included:

Table 3. Adjustments to the UNIDO business plan for 2020–2022 (US \$000)

Adjustment	2020–2022	After 2022
HPMP values to reflect the revised Agreement submitted to the 84 th meeting	16,925	2,335
PRP for stage II of HPMPs pursuant to decision 71/42	(50)	0
Stage III of HPMPs pursuant to decision 82/45(c)(i)	(8,404)	(33,018)
HCFC technical assistance	(482)	0
PRP for HFC phase-down pursuant to decision 56/16(c) or countries that have not ratified the Kigali Amendment	(209)	0

13. Table 4 presents the results of the Secretariat’s proposed adjustments to the UNIDO business plan for 2020–2022, which are also addressed in the context of the Consolidated business plan of the Multilateral Fund for 2020–2022.⁴

³ UNIDO’s 2020 core unit cost request has been submitted to the 84th meeting (UNEP/OzL.Pro/ExCom/84/38).

⁴ UNEP/OzL.Pro/ExCom/84/26

Table 4. Resource allocation in UNIDO's adjusted business plan for 2020–2022 (US \$000s)*

	2020	2021	2022	Total (2020–2022)	Total after 2022
HCFC activities					
Approved HPMPs	46,082	40,797	35,080	121,958	61,834
HPMP stage I	196	0	350	546	0
HPMP PRP – stage II	227	253	0	479	0
HPMP stage II	4,591	5,993	6,178	16,762	44,896
HPMP PRP – stage III	246	257	0	503	0
HPMP stage III	0	60	87	147	343
HCFC technical assistance	0	0	0	0	0
HCFC activities subtotal	51,342	47,360	41,694	140,396	107,074
HFC activities					
HFC – investment	1,819	0	0	1,819	0
HFC phase-down – PRP	547	225	0	772	0
HFC activities subtotal	2,366	225	0	2,591	0
Standard activities					
IS	1,687	1,186	1,687	4,560	0
Core unit	2,113	2,128	2,143	6,384	0
Standard activities subtotal	3,800	3,314	3,830	10,944	0
Grand total	57,508	50,899	45,524	153,930	107,074

* Including agency support costs where applicable.

Performance indicators

14. UNIDO submitted performance indicators pursuant to decision 71/28 in its business plan narrative. The Secretariat informed UNIDO of the targets shown in Table 5.

Table 5. Performance indicators for UNIDO for 2020

Type of indicator	Short title	Calculation	2020 target
Planning-- Approval	Tranches approved	Number of tranches approved vs. those planned*	59
Planning-- Approval	Projects/activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)**	29
Implementation	Funds disbursed	Based on estimated disbursement in progress report	US \$23,582,315
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	796.41 ODP tonnes
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	64
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	12 months after operational completion
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5
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.

RECOMMENDATION

15. The Executive Committee may wish:

- (a) To note the UNIDO business plan for 2020–2022, contained in document UNEP/OzL.Pro/ExCom/84/30; and
 - (b) To approve the performance indicators for UNIDO as set out in Table 5 of document UNEP/OzL.Pro/ExCom/84/30.
-



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO BUSINESS PLAN 2020

Presented to the 84th Meeting of the Executive Committee of the Multilateral Fund

Table of Contents

EXECUTIVE SUMMARY 3

1. CONTEXT..... 4

2. RESOURCE ALLOCATION..... 5

3. GENERAL OVERVIEW ON ASSISTANCE TO COUNTRIES IN NON-COMPLIANCE 7

4. PROGRAMME EXPANSION..... 8

5. PERFORMANCE INDICATORS 10

6. INITIATIVES TO ENSURE COMPLIANCE..... 11

EXECUTIVE SUMMARY

The 2020 Business Plan of UNIDO together with the forecast for 2021 and 2022 represents the Rolling Business Plan of Montreal Protocol activities of the Organization. Funding estimates up to 2022 and beyond have also been provided. This provides useful information for Executive Committee members on the funding needed to reach the 2020 control measures for HCFCs and beyond.

UNIDO's Business Plan was prepared based on the previous rolling business plan, taking into consideration the approvals and experience of previous years, the requests received from Article 5 countries, priorities established and the decisions taken by the Executive Committee, in particular Decision 82/45, 81/31, 81/53, 80/38, 79/45, 78/3(g), 77/27(c), 75/3(b)(i), 74/50, 74/18(b), 72/40, 74/21, 74/50(c), 71/18, 71/42 and 57/6(c). It also reflects the discussions held in Montreal during the Inter-Agency Coordination Meeting from 8 to 11 October 2019. It is also largely inspired from the historical decision of the 19th Meeting of the Parties agreeing on the acceleration of the phase-out of HCFCs, and the relevant ExCom decisions on HPMPs, HCFC investment, demonstration projects and activities to facilitate the early ratification of the Kigali Amendment. The countries' needs have been calculated based on approved HPMPs and based on reported HCFC Baseline consumption.

In 2020, UNIDO will submit for approval by the Executive Committee forward commitments amounting to USD 49.94 million. New activities are focusing mainly on HCFC phase-out plans projects that amount to USD 4.7 million. In addition in 2020 UNIDO is planning to submit new activities for HFC Phase-down amounting to USD 2,574,960. As listed in the business plan, about 87 % (USD 43.57 million) of UNIDO's 2020 Business Plan is focusing on the phase out of HCFCs without accounting for the institutional strengthening projects.

Decision 79/41 has maintained the administrative cost regime adopted by Decisions 67/15, namely, for new projects with a value over USD 250,000 as well as for institutional strengthening and project preparation activities are subject to 7% agency fee. Support cost for Agreements made before the 67th Meeting of the Executive Committee remained valid, except for the second and subsequent tranches of HPMPs approved at the 66th Meeting of the Executive Committee, where the 7,5% agency fee has been reduced to 7 % in line with Decision 72/20. For new projects with a value at or below USD 250,000, the agency fee of 9 % was maintained. Furthermore, for Core Unit Funding an annual increase of maximum 0.7% is allowed for the current triennium. For this reason and in line with the Fund Secretariat's recommendation, Core Unit Costs for the years 2020-2022 have been budgeted based on a maximum 0.7 % increase. Thus, USD 2,113,146 has been allocated in the 2020 Business Plan for the Core Unit for the year 2021.

The total amount foreseen in UNIDO's 2020 Business Plan, including forward commitments, new investment, non-investment activities, project preparation and funding of core unit is USD 49.94 million including support costs and with an impact of 674 ODP tonnes for

HCFC Phase-out activities plus USD 2,574,960 for HFC Phase-down activities with an estimated impact of 60 MT.

USD 49,948,733 worth of projects are earmarked for 2020 with an impact of 674 ODP tonnes, while for 2021 USD 50,378,902 with an impact of 644 ODP tonnes are forecasted for HCFC Phase-out activities.

1. CONTEXT

UNIDO prepared its business plan for 2020 to 2022 based on ExCom Decisions 57/6(c), 71/18, 71/42, 72/40, 74/50, 74/18(b), 74/21, 74/50(c), 75/3(b)(i), 77/27(c), 78/3(g), 79/45, 80/38, 81/31, 81/53, 82/45 as well as the Government requests received from Article 5 countries. An inter-agency coordination meeting was held from 8 to 11 October 2019 in Montreal, Canada. Considering the draft business plans submitted by all implementing and bilateral agencies and the compliance-oriented model, the Secretariat identified the countries that are in need of assistance in order to comply with the various phase-out schedules, for which no activities were included in the business plans of implementing agencies and pointed out cases where a duplication of activities occurred among the various implementing agencies. The countries' needs have been calculated for most countries based on the actual HCFC baseline data as well as based on approved HPMP Agreements.

The Business Plan is also largely inspired from the historical decision of the 19th Meeting of the Parties agreeing on the acceleration of the phase-out of HCFCs, and the Decision 74/50 on the draft criteria for funding HCFC phase-out in the consumption sector for Stage II of HCFC Phase-Out Management Plans and other relevant ExCom decisions on HPMPs and HCFC investment and demonstration projects. In addition, the Kigali Amendment of the Montreal Protocol and related ExCom decisions also had an important impact on UNIDO's planning. As many enabling activities are close to completion, countries are interested in progressing with the preparation of national HFC phase-down strategies in order to comply with the first control measures of the Kigali Amendment.

As agreed with the Secretariat, activities which were part of UNIDO's 2019 business plan, but could not be submitted either to the 83rd or to the 84th Meeting of the Executive Committee, are reflected in the present business plan. Furthermore, any projects submitted to, but not approved at the 84th Meeting should be added afterwards to the 2020 Business Plan.

2. RESOURCE ALLOCATION

In 2020, UNIDO is planning to submit USD 47.83 million worth of projects, the majority of which is focused on phase-out of HCFCs, plus core unit funding in the value of about USD 2.113 million.

HCFC phase-out activities form large part of UNIDO's 2020 Business Plan. Most HPMPs for non-LVCs include investment projects for the conversion of manufacturing enterprises to HCFC-free alternatives taking into consideration new technological developments to ensure sustainable conversion of HCFC-based manufacturing enterprises.

In line with earlier discussions, funding requests for the preparation of Stage II HPMPs should be submitted 2 years before the last tranche of Stage I. However, there are exceptions, in particular in non-LVC countries with extended commitments, due to funding is schedules. In such cases, project preparation is required 1 or 2 years before the penultimate tranche of Stage I. UNIDO made careful consideration of each country to ensure smooth implementation, without interruptions between Stage I and Stage II activities.

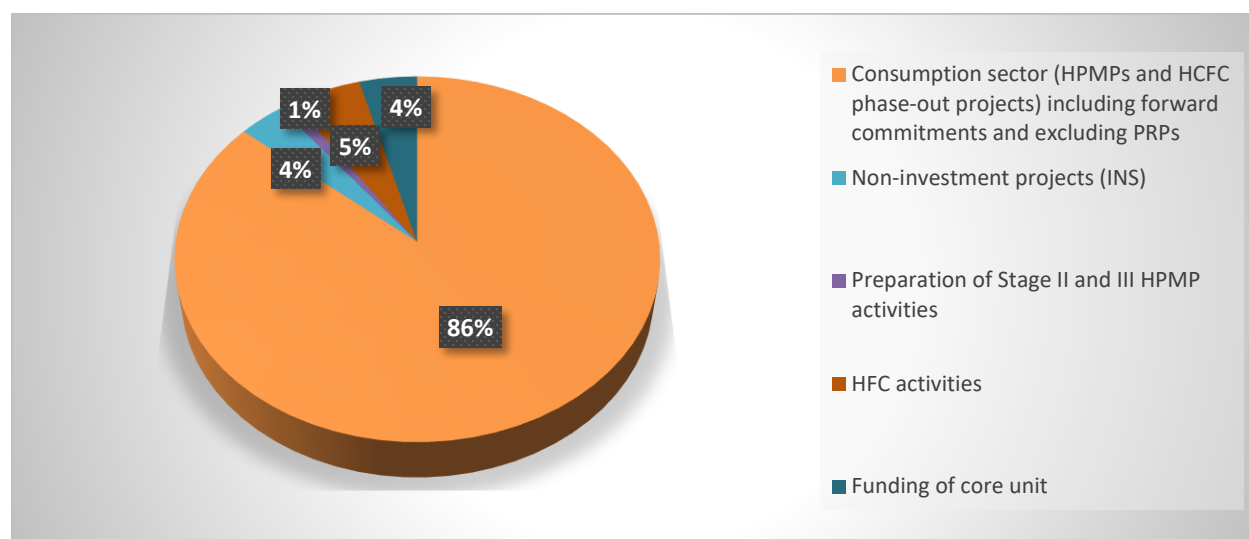
Furthermore, renewal of institutional strengthening projects also form part of UNIDO's 2020-2022 Business Plan. Estimates for funding needs for institutional strengthening projects have been included for those countries (Macedonia, Montenegro and Turkmenistan), which have institutional strengthening projects incorporated in their ongoing HPMP.

In addition in 2020 UNIDO is planning to submit new activities for HFC Phase-down to facilitate initial actions towards the phase down of HFC and compliance with Kigali amendment. The inclusion of the proposed projects will facilitate and support Article 5 countries to ratify the Kigali Amendment as soon as possible and to support activities that countries need to meet the first obligations of the Kigali Amendment after ratification.

The total budget for 2020 for the above activities is USD 49,948,733 including USD 2,113,147 core unit funding for UNIDO. Table 1 below summarizes the resource allocation of UNIDO's 2020 Business Plan.

Table 1: Resource allocation

Pos.	Type/sector	Value (\$)	Share of Business Plan allocation (%)
		Incl. support costs	
(a)	Consumption sector (HPMPs and HCFC phase-out projects) including forward commitments and excluding PRPs	43,050,695	86%
(b)	Non-investment projects (INS)	1,686,991	3%
(c)	Preparation of Stage II and III HPMP activities	522,940	1%
(d)	HFC activities	2,574,960	5%
(e)	Funding of core unit	2,113,147	4%
	Total	49,948,733	100

Resource Allocation as per Table 1

The details of the 2020-2022 rolling Business Plan are spelled out in the Business Plan Database.

3. GENERAL OVERVIEW ON ASSISTANCE TO COUNTRIES IN NON-COMPLIANCE

In UNIDO's portfolio, there is currently no country being in non-compliance with the HCFC phase-out schedule. UNIDO has been providing continuous assistance to countries that had been in non-compliance in previous years.

All activities presented in UNIDO's business plan aim at providing assistance to A5 countries to comply with their obligations towards the Montreal Protocol. Currently the main focus is the 35% reduction target by 2020 and 67.5 % by 2025. UNIDO is ready to support countries with new HFC commitments since the entry into force of the Kigali Amendment in January 2019. Should there be any countries in non-compliance under UNIDO's responsibility, UNIDO will work closely with the countries concerned to bring them back to compliance and will assist them to report the required data to the Ozone Secretariat.

4. PROGRAMME EXPANSION

In the years 2020 to 2022 UNIDO aims to enhance its assistance to Article 5 countries by strengthening its project portfolio through the implementation of HCFC phase-out management plans and HCFC phase-out investment projects.

UNIDO continues providing support with Stage II HPMPs to all the countries assisted during Stage I.

The main objective of this Business Plan is to assist Article 5 countries in meeting their obligations under the Montreal Protocol, in particular the 35% reduction target in 2020 and the 67.5 % in 2025 for HCFCs. However, in some cases UNIDO, in agreement with the beneficiary countries, has set more ambitious objectives and targets 67.5% reduction.

The analysis of the activities of UNIDO's Business Plan reveals that the major share of UNIDO's MP project portfolio consists of HPMPs including HCFC investment activities in different sub-sectors.

In 2020, UNIDO will continue to cover all regions (Latin America and the Caribbean, Africa, Asia and Pacific, Europe) with planned activities in various sectors and countries (including project preparation and non-investment activities).

In addition in 2020 UNIDO is planning to submit new activities for HFC Phase-down to facilitate initial actions towards the phase down of HFC and compliance with Kigali amendment. The inclusion of the proposed projects will facilitate and support countries to meet the first obligations of the Kigali Amendment after ratification.

Africa

In Africa, funding requests for seventeen countries, with a total value of USD 3,166,995 will be submitted in 2020. The main concentration will be in HPMPs and preparatory assistance for HPMP Stage II. UNIDO is cooperating with UNEP on several HPMPs in African countries, and is planning to submit 9 preparatory assistance requests for HFC phase-down in 2020.

Asia and the Pacific

In Asia requests for funding for eight countries with a value of USD 33,945,563 will be submitted in 2020. This represents about 71 % of the total Business Plan for 2020 excluding Core Unit funding. The main concentration will be in HPMPs Stage II and HCFC investment projects.

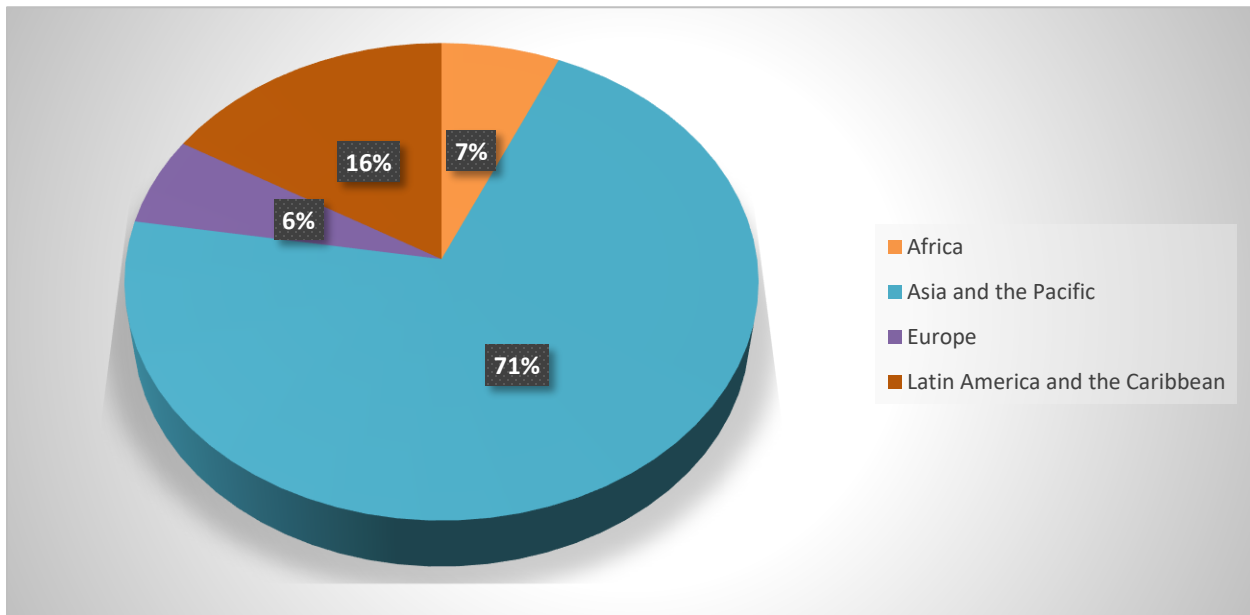
Europe

In Europe, requests for 8 countries with a value of USD 2,850,236 will be submitted in 2020, targeting the phase-out of HCFCs, institutional strengthening and HFC phase-down preparation.

Latin America and the Caribbean

In Latin America and the Caribbean Region the planned requests to be submitted in 2020 amount to USD 7,872,791. This includes three HPMPs and three preparatory assistance for HPMPs Stage II and III activities.

UNIDO's 2020 Business Plan by Region



5. PERFORMANCE INDICATORS

The 71st Meeting of the Executive Committee has reviewed the performance indicators. The new weightings, based on Decision 71/28, are indicated in the below table.

Type of Indicator	Short title	Calculation	Weighting	Target 2020
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned	10	45
Planning--Approval	Projects/activities Approved	Number of projects/activities approved vs. those planned (including project preparation activities)	10	25
	Sub-total		20	
Implementation	Funds disbursed	Based on estimated disbursement in progress report	15	USD 23.58 million
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	25	674 ODPt
Implementation	Project completion for Activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	20	50
	Sub-total		60	
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	10	12 months after operational completion

Type of Indicator	Short title	Calculation	Weighting	Target 2020
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5	On time
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	5	On time
	Sub-total		20	
	Total		100	

Based on Decision 71/28, the performance indicator on milestone activities for MYAs was changed as listed now in the above table.

6. INITIATIVES TO ENSURE COMPLIANCE

Successful and timely implementation of ongoing activities is essential for the current compliance period.

Special attention is provided to countries that may previously have been in non-compliance and that have decisions outlining plans of actions with time-specific benchmarks for return to compliance.

UNIDO has continued to provide supportive initiatives in order to ensure timely project completion of projects approved so far, and to facilitate compliance of the recipient countries with their MP obligations, which supported successful project implementation:

- Regular follow up of the implementation process is being done by the staff of the ozone office together with UNIDO's national and international consultants and project managers. This ensures that effective actions on critical issues such as resolving bottlenecks in site preparation, customs clearance, installation, commissioning and safety certification, monitoring of CFC-related equipment are taken.
- UNIDO is frequently attending Regional Network Meetings and respective workshops providing additional support to our counterpart countries.

- Communication and interaction between regional and country offices about the implementation process has ensured the smooth flow of project plans. As in previous years, directors of UNIDO regional and country offices are regularly briefed at UNIDO HQs on ongoing and possible future activities. They are involved in the implementation process and are following up the progress of the programmes. In turn, the representatives brief headquarter staff working in a specific country on the regular activities in the field and problems faced, if any.
- UNIDO also provides, when requested, support such as policy assistance, putting in place relevant legislation etc. Additionally, UNIDO project managers are visiting the project site, if definitely required.
- Based on recommendation of the Implementation Committee, additional assistance will be offered to the countries with delays in reporting of its ozone-depleting substance data