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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirtieth Meeting  
Montreal, 29-31 March 2000

**CONSOLIDATED 2000 BUSINESS PLAN OF THE MULTILATERAL FUND**

## COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

### Introduction

1. This document provides the consolidated 2000 business plan of the Multilateral Fund and provides comments and recommendation, as appropriate. The business plans of the bilateral donors and implementing agencies are found in documents UNEP/OzL.Pro/ExCom/30/11 through 15.

### RESOURCES AND RESOURCE ALLOCATION

2. Based on Decision 28/23, para. (b), the total allocation for the draft 2000 business plans was US \$157 million. At its 29<sup>th</sup> Meeting, the Executive Committee decided that if the Parties were to agree a level of replenishment higher than the triennium 1997-1999, then the resource allocated should be increased equally on a pro rata basis for each year of the triennium 2000-2002. The impact of 11<sup>th</sup> Meeting of the Parties' Decision XI/6 on replenishment is an increase in the amount of US \$1.57 million over and above the US \$157 million used as a basis for the budget of the draft business plan. Therefore, the total level of resources used for planning the 2000 final business plans is US \$158.57 million.

3. Pursuant to Decision 28/23, para. (a), US \$120.49 million was allocated according to the restored agency shares for investment projects, as follows:

<u>Implementing Agency</u>	<u>Percentage Share</u>	<u>Share Value</u>
UNDP	30 per cent	US \$36.15 million
UNIDO	25 per cent	US \$30.12 million
World Bank	45 per cent	US \$54.22 million
TOTAL	100 per cent	US \$120.49 million

4. Resources were allocated as shown in Table 1 based on the resource allocation of the draft business plans plus the additional funds made available as a result of Decision XI/6. The additional US \$1.57 million for the final 2000 business plans was pro-rated between investment projects (US \$1.49 million) and non-investment projects (US \$80,000).

**Table 1****RESOURCE ALLOCATION AND FINAL 2000 BUSINESS PLANS\***

ALLOCATION (US\$ million)		RESOURCES REQUIREMENT OF FINAL 2000 BUSINESS PLAN AMOUNT (US\$)				
BUDGET ITEMS	Allocation	UNEP	UNDP	UNIDO	World Bank	TOTAL
<b>Investment share</b>	120.49					
<i>Investment projects</i>			35,169,550	28,856,270	52,874,514	116,900,334
<i>Project preparation</i>			1,226,050	1,440,750	1,733,420	4,400,220
<b>Non-investment</b>	15.08					
<i>Institutional strengthening</i>		2,223,207	3,396,462	320,242	756,572	6,696,483
<i>Other non-investment</i>		6,995,423	418,100	723,200	192,100	8,328,823
<b>Sub-total</b>	135.57	9,218,630	40,210,162	31,340,462	55,556,606	136,325,860
<b>Excess</b>						(755.860)
<b>Bilateral Co-operation**</b>	20.00					20,000,000
<b>Secretariat/Executive Committee/M&amp;E function</b>	3.00					3,000,000
<b>TOTAL BUDGET</b>	158.57					158,570,000

\* Figures in the table include agency fees, but not over-programming.

\*\* Assumed US \$20 million.

**Excess amount above allocation**

5. As shown in Table 1, implementing agencies' business plans, exceeded the budget for investment and non-investment projects by a total of US \$755,860. The non-investment activities budget (US \$15.08 million) was almost entirely used (US \$15,025,306) with a remaining amount of US \$54,694.

6. For investment projects, agencies exceeded their shares by a total of US \$810,554. UNDP exceeded its allocation by US \$245,600; UNIDO by US \$177,020; and the World Bank by US \$387,934. At its 26<sup>th</sup> Meeting, the Executive Committee decided that no agency should be allowed to submit projects in excess of its allocation in its business plan (Decision 26/8(b)).

**Bilateral co-operation**

7. Ten bilateral donors submitted business plans covering activities over the years 2000, 2001, and 2002 (UNEP/OzL.Pro/ExCom/30/11). For the three years, bilateral donors plan to submit projects valued at US \$24,802,301. Of this amount, US \$12,340,976 is planned to be submitted for the year 2000. The balance, US \$12,461,325, would be submitted in 2001 or 2002. The resource allocation of US \$20 million was maintained in the event that other bilateral donors decide to submit projects against their year 2000 contributions.

**DISTRIBUTION OF PLANNED ACTIVITIES BY REGION AND COUNTRY**

8. The 2000 business plans include funding for activities in 87 Article 5 countries. A total of 39 countries included in the business plans are expected to receive investment, recovery and

recycling and/or methyl bromide projects. An additional 48 countries will receive non-investment projects and/or project preparation funds.

9. Annex 1 provides the country summaries of investment and non-investment reported in the 2000 business plans.

#### Non-investment projects

10. UNEP notes in its business plan that it expects that six countries might ratify the Montreal Protocol and seek funding for country programme preparation and institutional strengthening in 2000. The countries expected to ratify the Protocol include: Angola, Equatorial Guinea, Kyrgystan, Nauru, Palau, and Rwanda. The preparation of country programme/refrigerant management plans for these countries is not included in UNEP's business plan, but may be submitted during the year 2000 outside business plans according to precedent established in Decision 19/10, para. (b) that:

“activities related to country programme preparation and institutional strengthening projects, even in the extent that they were additional to the 1996 business plans, should continue to be approved”.

11. Most (54 per cent) of the Fund's resources for non-investment activities are for institutional strengthening (US \$5.9 million) and networking (US \$1.2 million). Institutional strengthening projects are ongoing or planned for 112 Article 5 countries. Training is directed to five countries and three sub-regions. Country programmes have been approved for 116 Article 5 countries with another 6 planned for 2000.

#### Investment projects

12. A total of 39 countries (as opposed to 59 in the 1999 business plan) will receive investment projects in 2000, nine (as opposed to 36 in the 1999 business plan) of which are low-volume-consuming countries (LVCs). The 39 countries include two countries, Libya and Yemen, who are planned to receive an investment project for the first time funded by the Multilateral Fund. An additional 12 LVCs might benefit from activities if the global projects in recovery and recycling and end use are approved for UNDP.

#### **Investment projects in low-ODS-volume-consuming countries (LVCs)<sup>1</sup>**

13. The Three-Year Business Plan for the 1997-1999 triennium provided a special allocation for LVCs of US \$15 million per year. The definition of a LVC consuming country is a country whose consumption is below 360 ODP tonnes excluding methyl bromide. LVCs are expected to receive US \$6,532,183 (including agency fees) in 2000 for investment, recovery and recycling, and methyl bromide demonstration projects. The largest project is a US \$3 million chiller replacement project in Cote d'Ivoire to be submitted by the Government of France whose consumption in the refrigeration sector was 268 ODP tonnes in 1998 and has already begun to implement its RMP.

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<sup>1</sup> Excluding LVCs included in global projects.

### Distribution of planned investment projects by sector

14. The agencies planned to submit projects in all of consumption sectors during the year 2000. The distribution of planned activities by sector is presented in Table 2.

**Table 2**

#### APPROVALS (BY SECTOR) FOR INVESTMENT, RECOVERY AND RECYCLING, AND METHYL BROMIDE DEMONSTRATION/INVESTMENT PROJECTS, TO-DATE AND PLANNED FOR 2000\*

Sector	Funds Approved To-Date		Funding Planned for Year 2000		ODS Phaseout To-Date		ODS Phase-out from Year 2000 Approvals	
	Amount (US\$)	% of Total	Amount (US\$) *	% of Total	Amount (ODP tonnes)	% of Total	Amount (ODP tonnes)	% of Total
Aerosol	25,873,052	3%	1,588,696	2%	24,522	15%	449	2%
Foam	239,651,042	31%	31,743,000	30%	42,594	27%	6,542	28%
Halon	39,516,634	5%	5,825,000	6%	26,058	16%	2,563	11%
Methyl Bromide	9,320,533	1%	8,782,609	8%	452	0%	1,182	5%
Production	32,107,120	4%	24,848,000	24%	30,233	19%	8,803	38%
Refrigeration	392,489,785	50%	22,139,626	21%	31,005	20%	2,330	10%
Solvent	29,846,704	4%	8,747,826	8%	2,180	1%	1,356	6%
Process Agent	366,000	0%	0	0%	375	0%	0	0%
Sterilants	395,095	0%	0	0%	21	0%	0	0%
Several	3,819,515	1%	869,565	1%	670	0%	0	0%
Other	5,934,000	1%	0	0%	440	0%	0	0%
Total	779,319,480	100%	104,544,322	100%	158,550	100%	23,225	100%

\* No agency fees. The total US \$104,544,322 does not include agency fees. The total for investment projects in Table 1 (US \$116,900,334) includes agency fees.

15. The 2000 business plans reflect a change in the historic distribution of funding among the sectors. For example, historically the refrigeration sector has received about 50 per cent of the resources of the Multilateral Fund. In 2000, refrigeration projects will continue to be a significant part of Fund activities but they will represent about half of their previous share of Fund resources with planned submissions totalling 21 per cent of total resources.

16. The distribution of ODS phase-out also reflects a change in the historic distribution. This is due largely to recent approvals of multi-year production phase-out projects.

17. The level of funding for the production sector includes the China and India CFC production phase-out projects that were approved in 1999. It also includes anticipated funding for the CFC production sector in Argentina (US \$348,000) and the halon production sector in India (US \$500,000). The total amount of production sector funding for 2000 will represent 24 per cent of total funding. The World Bank is the only agency involved thus far in production sector projects although UNIDO is requesting project preparation for production sector projects in Korea DPR and Romania.

Aerosol and halon investment projects

18. As in previous years, aerosol sector projects are expected to receive the lowest share of Fund resources in 2000 among the traditional industrial sectors. Aerosol projects are expected to receive 3 per cent of total resources and halon projects, 6 per cent. The level of funding for the halon sector is almost US \$5.8 million and six projects are foreseen in 2000. The freeze for halon will occur in the year 2002. Most projects take at least two to three years to implement.

Methyl bromide projects

19. The agencies plan eleven methyl bromide demonstration/investment projects representing US \$8.8 million in submissions. Investment projects are planned by the implementing agencies in the following countries: UNIDO (Kenya, Macedonia, Morocco, Romania, and Zimbabwe), UNDP (Bolivia, Chile, Malawi, and Peru); and the World Bank (Turkey and Chile). Canada and the Czech Republic plan methyl bromide activities in Georgia and Moldova.

**Project preparation**

20. The implementing agencies have indicated that they have a backlog of projects ready to be submitted. This backlog is due in part to the use of funds previously approved for project preparation to prepare projects for future business plans. The agencies are indicating that their business plans include US \$3.9 million to prepare projects that will be delivered in or after the year 2000. (See Table 3). Additionally, US \$492,680 is being requested for preparation of projects included in the contingency list.

**Table 3****PROJECT PREPARATION**

<b>Agency</b>	<b>Programme Development (US\$)</b>	<b>Contingency (US\$)</b>	<b>Total (US\$)</b>
UNDP	977,450	248,600	1,226,050
UNIDO	1,350,350	90,400	1,440,750
World Bank	1,579,740	153,680	1,733,420
<b>Grand Total</b>	<b>3,907,540</b>	<b>492,680</b>	<b>4,400,220</b>

Including agency fees.

**Contingency**

21. Agencies indicated that of the US \$104.54 million (no agency fees and over-programming) in their business plans for investment projects, projects valued at US \$23.03 million might raise policy issues (22 per cent of the total). The following amounts are included in the agencies' contingency tables: UNDP (US \$8.2 million), UNIDO (US \$5.9 million), and the World Bank (US \$8.9 million).

**NON-INVESTMENT PROJECTS**

22. The resource allocation for non-investment projects includes country programme preparation, technical assistance, methyl bromide (excluding investment and demonstration projects), and training not included in investment projects, in addition to UNEP's clearing-house function, networking, and other activities. A separate resource allocation is provided for institutional strengthening. Table 4 presents the funding level for the four types of non-investment activities.

**Table 4****PLANNED NON-INVESTMENT ACTIVITIES IN 2000**

<b>Agency</b>	<b>Country Programme Preparation</b>	<b>Technical Assistance</b>	<b>Methyl Bromide</b>	<b>Refrigerant Management Plan</b>	<b>Training</b>	<b>TOTAL</b>
UNDP	-	-	-	418,100	-	418,100
UNEP	259,900	3,600,903	847,500	237,300	2,049,820	6,995,423
UNIDO	-	158,200	-	565,000	-	723,200
World Bank	113,000	79,100	-	-	-	192,100
Bilateral	-	2,480,442	160,534	-	-	2,640,976
<b>TOTAL</b>	<b>372,900</b>	<b>6,318,645</b>	<b>1,008,034</b>	<b>1,220,400</b>	<b>2,049,820</b>	<b>10,969,799</b>

Including agency fees.

**Country programme/RMP preparation**

23. UNEP's requests for country programme preparation also include the preparation of RMPs. UNEP included the development of five RMP plans in its 2000 business plan for the following countries: Maldives, Barbados, Brunei Darussalam, Sri Lanka, and Togo. UNIDO included six RMP plans in its business plan for the following countries: Algeria, China, Iran, Mexico, Nigeria, and Venezuela. UNDP included four RMP formulation projects in Brazil, Colombia, India, and Nigeria. UNDP and UNIDO were advised to co-ordinate their activities in Nigeria.

**Technical assistance**

24. Most of the technical assistance funding (about US \$2.7 million) is for UNEP's recurring information exchange and networking costs. The balance is, in general, for strategies, studies, and videos.

**Methyl Bromide Projects**

25. UNEP is planning to submit three new non-investment projects amounting to US \$847,500 in the methyl bromide sector in 2000. These projects include: "Policy assistance for low methyl bromide consuming countries", "Enhancing capability of local agricultural

institutes/NGOs to assist in methyl bromide communication”, and “Implementation of the strategic framework to control methyl bromide growth in China”.

### **Training**

26. UNEP is the only agency that is including training activities in its business plans as non-investment projects. UNEP is planning to increase its requests for funding for its training activities from US \$1.1 million in 1999 to US \$2.05 million in 2000. A large share of training involves policy training for Argentina (US \$101,700), China (US \$450,870), Venezuela (US \$113,000), and French-speaking Africa (US \$226,000).

### **Institutional strengthening**

27. Implementing agencies are planning to request US \$6.69 million for institutional strengthening during the year 2000. (See Table 5).

**Table 5**

#### **INSTITUTIONAL STRENGTHENING, TO-DATE AND PLANNED FOR 2000**

<b>Agency</b>	<b>Approved Funds to date (US\$)</b>	<b>Planned for year 2000 (US\$) *</b>
<b>UNDP</b>	10,740,956	3,396,462
<b>UNEP</b>	7,665,089	2,223,207
<b>UNIDO</b>	1,544,453	320,242
<b>World Bank</b>	2,285,199	756,572
<b>TOTAL</b>	22,235,697	6,696,483

\* Including agency fees.

28. Implementing agencies plan on submitting 64 requests for institutional strengthening in 2000. Of this amount, 54 requests are for institutional strengthening renewals. Ten first time requests for institutional strengthening are expected to be submitted in 2000 for the following countries: Federated Stated of Micronesia, Grenada, Kiribati, Laos, Liberia, Marshall Islands, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

### **PERFORMANCE INDICATORS**

29. Table 6 presents the agencies' proposed investment project performance indicator targets for 2000



**Table 6****PERFORMANCE INDICATORS FOR INVESTMENT PROJECTS \***

<b>ITEMS</b>	<b>UNDP</b>	<b>UNIDO</b>	<b>WORLD BANK</b>
<b>Weighted indicators</b>			
Actual ODS phased out from completed projects (ODP tonnes)	6,000	3,311	12,585
Disbursement (US\$)	\$45,200,000***	\$30,808,000	\$72,876,000
Satisfactory project completion reports received (percentage)	50%	100%	100%
Distribution of projects among countries in business plan (number of countries)	33	27	14
<b>Non-weighted indicators</b>			
Net emissions(reductions) of ODP resulting from implementation delays(early completion) (ODP tonnes)	Not Provided	9,147	7,800
Value of Projects Approved (US\$)*	\$35,169,550	\$28,856,270	\$52,874,514
ODP from Projects Approved	4,566	4,442	14,217
Cost of Project Preparation	3%	3%	3.2%
Cost-effectiveness from Approvals (US\$/ODP in kg)	\$7.8	a) \$6.14 excl. MBR b) \$6.61 incl. MBR	\$3.57
Speed of delivery (first disbursement)	14 months	8 months	24 months
Speed of delivery (completion)	36 months	28 months	38 months

\* Minus 15% over-programming but including agency fees.

\*\* Includes production sector projects.

\*\*\* UNDP disbursement is based on US\$ 40 million plus agency fees.

30. Table 7 presents the proposed non-investment project performance indicator targets for 2000.

**Table 7**

**NON-INVESTMENT PERFORMANCE INDICATORS**

ITEMS	UNDP	UNEP	UNIDO	WORLD BANK
<b>Weighted indicators</b>				
Number of Projects to be Approved	8	60% of total projects approved	3	4
Funds Disbursed (US\$)*	\$2,033,013**	73% of approved funding	1,228,000	1,911,000
Speed of delivery (first disbursement)	12 months	6 months	6 months	19 months
Speed of delivery (completion)	36 months	17 months	18 months	33 months
<b>Non-weighted indicators</b>				
Appropriate & timely policies initiated by countries as a result of non-investment activities (number)	5	10 countries	Specific policies identified for 2 countries	Specific policies identified for 4 countries
Reduction in ODS consumption over and above that effected by investment projects (ODP tonnes)	30	40	One country to phase out	20 from recovery and recycling projects
N/P – Not provided in business plan narratives as requested.				

\*Include agency fees

\*\*UNDP disbursement is based on \$1,799,127 plus agency fees.

31. UNIDO did not provide an ODP figure for the indicator on the reduction in ODS consumption over and above that effected by investment projects.

**COMMENTS**

1. Of the 38 Article 5 countries slated to receive investment projects in 2000, four have not ratified the London Amendment to the Montreal Protocol. Those countries are Bosnia and Herzegovina, Libya, Nigeria, and Yemen. Decision 29/12(c) notes that the issue of including in business plans countries that had not yet ratified the London Amendment would be reviewed by the Executive Committee at its 30<sup>th</sup> Meeting. The following countries that are planned to receive non-investment projects in 2000 have not ratified the London Amendment: Albania, Brunei Darussalam, Central African Republic, El Salvador, Federated States of Micronesia, Georgia, Kiribati, Lao PDR, Moldova, Nigeria, Suriname, Swaziland, Tonga and Tuvalu.

2. The number of countries expected to submit requests for funding in 2000 is lower than in 1999. However, the implementing agencies were able to increase the number of countries that will receive investment projects in 2000 above the number of countries included in the draft business plans. The problems in providing support to LVCs is mentioned in particular in UNDP's business plan. It is suggesting a global recovery and recycling project to serve as an incentive to reach LVCs that have the preconditions for successful recovery and recycling projects.

3. As in previous years, few projects are expected to be submitted in the halon and aerosols sector. Since the submission of the draft 2000 business plans, UNDP was able to add one halon project, the World Bank two projects, and bilateral donors are also planning to submit projects in the halon sector in 2000. The World Bank added two aerosol projects and UNIDO, five aerosol projects over that which these agencies included in their draft business plans. The freeze for halons and methyl bromide is the next control measure for Article 5 countries.

## **RECOMMENDATIONS**

The Fund Secretariat recommends that the Monitoring, Evaluation, and Finance Sub-Committee consider:

1. The issue of including in business plans countries that had not yet ratified the London Amendment and recommend to the Executive Committee under which circumstances projects from such countries should be maintained in the year 2000 business plans of the Multilateral Fund
2. Recommending to the Executive Committee to note with appreciation the Consolidated Business Plan of the Multilateral Fund.

## ANNEX 1

## COUNTRY SUMMARIES FOR INVESTMENT AND NON-INVESTMENT PROJECTS

Country	Total Amount to be Requested (US\$)
Albania	60,000
Algeria	451,304
Antigua and Barbuda	0
Argentina	2,782,391
Bahamas	33,000
Bahrain	44,000
Bangladesh	0
Barbados	120,000
Belize	0
Benin	0
Bolivia	173,913
Bosnia & Herzegovina	173,913
Botswana	60,000
Brazil	5,839,565
Brunei Darussalam	30,000
Burkina Faso	0
Burundi	0
Cameroon	0
Central African Republic	30,400
Chad	0
Chile	1,430,457
China	41,415,087
Colombia	1,268,957
Comoros	18,000
Congo	46,600
Congo, DR	64,000
Costa Rica	0
Cote D'Ivoire	81,800
Croatia	0
Cuba	549,449
Djibuti	60,000
Dominica	0
Dominican Rep.	0
Dominican Republic	0
Ecuador	695,652
Egypt	608,696
El Salvador	40,000
Ethiopia	0

<b>Country</b>	<b>Total Amount to be Requested (US\$)</b>
Federated States of Micronesia	40,000
Fiji	0
Gabon	0
Gambia	28,000
Georgia	0
Ghana	167,000
Grenada	30,000
Guatemala	0
Guinea	0
Guyana	0
Honduras	40,000
India	19,576,957
Indonesia	3,130,389
Iran	4,525,209
Jamaica	33,913
Jordan	1,337,826
Kenya	1,551,450
Kiribati	40,000
Korea, DPR	95,000
Kuwait	60,000
Laos	100,000
Lebanon	345,420
Lesotho	0
Liberia	60,000
Libya	547,826
Macedonia	581,661
Malawi	311,870
Malaysia	1,771,522
Maldives	58,000
Mali	0
Marshall Islands	40,000
Mauritius	33,300
Mexico	1,902,826
Moldova	0
Mongolia	0
Morocco	3,075,822
Mozambique	62,000
Myanmar	0
Namibia	41,000
Nepal	0
Nicaragua	40,000
Niger	0
Nigeria	1,721,739

<b>Country</b>	<b>Total Amount to be Requested (US\$)</b>
Oman	0
Pakistan	1,781,362
Panama	115,000
Papua New Guinea	31,000
Paraguay	40,000
Peru	152,174
Philippines	342,811
Qatar	0
Romania	826,087
Saint Kitts	20,000
Saint Lucia	24,000
Saint Vincent and the Grenadines	0
Senegal	0
Seychelles	21,000
Solomon Islands	40,000
Sri Lanka	60,000
Sudan	0
Suriname	50,000
Swaziland	44,000
Syria	1,242,609
Tanzania	296,783
Thailand	1,353,624
Togo	60,000
Tonga	40,000
Trinidad and Tobago	44,000
Tunisia	186,700
Turkey	5,278,261
Tuvalu	40,000
Uganda	43,000
Uruguay	251,217
Vanuatu	40,000
Venezuela	1,085,252
Vietnam	339,130
Western Samoa	20,000
Yemen	130,435
Yugoslavia	0
Zambia	50,000
Zimbabwe	1,086,957
<b>Grand Total</b>	<b>117,841,057</b>