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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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CONSOLIDATED 2002 BUSINESS PLAN OF THE MULTILATERAL FUND

Introduction

1. The consolidated 2002 business plan of the Multilateral Fund is based on the 2002 business plans of the bilateral and implementing agencies which are found in documents UNEP/OzL.Pro/ExCom/36/9-13. The consolidation also expands the review of multi-year performance based agreements/forward commitments and the impact of the business plans on sector consumption. This document consists of the following parts:

- Part I: Methodology and Data Discrepancies
- Part II: Resource Allocation
- Part III: Activities included in the Final 2002 Business Plans
- Part IV: Performance Indicators
- Part V: Forward Commitments and Multi-year Performance-based Agreements
- Part VI: Potential Impact of Business Plans on Sector Consumption
- Part VII: Comments and Recommendations of the Fund Secretariat

PART I: METHODOLOGY

2. The final business plans addressed the issues raised by the Executive Committee in the context of its review of the draft business plans and the Committee's decisions on strategic planning and country programme updates (Decisions 33/54, 35/2-7, 35/57 and 35/58). Agencies were advised that they should reach out to countries at risk for compliance, incorporate changes indicated by countries to accommodate sector, national phase out performance based agreements and the project preparation required to deliver them. Agencies were also advised that since additional funds might become available for the 2002 resource allocation, an extra table could be attached to their plans to indicate additional activities each agency could pursue if additional funds became available for investment activities.

3. The final business plans incorporate the principles used in developing the draft 2002 business plans of providing assistance to those countries at risk of not achieving compliance with the freeze and 2005 reductions, maintaining momentum, and including those projects with a longer duration including multi-year performance based agreements which are required to meet the 2005 control measures.

4. The draft business plans were developed based on letters sent to Article 5 countries requesting them to verify their latest consumption data and indicate the activities each country considered necessary to achieve the freeze and 2005 reductions. Letters were requested for all changes to activities included in the draft business plans.

PART II: RESOURCE ALLOCATION

5. The total amount of resources allocated by the Multilateral Fund through 2001 was US \$1.26 billion. An additional US \$24,430,505 remains from the resources allocated from the 2001 business plan investment share. Document UNEP/OzL.Pro/ExCom/36/14, "Further

modifications to the resource allocation for 2002” addresses potential additional resources that might be available in 2002.

6. Implementing agencies have included an additional table to their business plans (Table 6) that includes projects that could be added to their business plans if additional resources become available.

7. The Executive Committee approved a resource allocation of US \$176 million for the purpose of the 2002 final business plans, including US \$130 million for investment projects, US \$22.7 million for non-investment projects, US \$20 million for bilateral cooperation, and US \$3.3 million for the Secretariat/Executive Committee/Monitoring and Evaluation function (Decision 35/2(c)).

8. Investment share allocation is US \$130 million, which is US \$2.7 million below the investment share allocation for 2001. Pursuant to Decision 28/23, para. (a), US \$130.0 million was allocated according to the agency shares for investment projects, as follows:

<u>Implementing Agency</u>	<u>Percentage Share</u>	<u>Share Value</u>
UNDP	30 per cent	US \$39 million
UNIDO	25 per cent	US \$32.5 million
World Bank	45 per cent	US \$58.5 million
TOTAL	100 per cent	US \$130.0 million

Table 1

RESOURCE ALLOCATION AND FINAL 2002 BUSINESS PLANS*

ALLOCATION (US\$ million)		RESOURCES REQUIREMENT OF FINAL 2002 BUSINESS PLAN AMOUNT (US\$)				
BUDGET ITEMS	Allocation	UNEP	UNDP	UNIDO	World Bank	TOTAL
Investment share	130.0		39,000,000	32,500,000	58,500,000	130,000,000
<i>Investment projects</i>			37,918,025	30,643,200	56,990,000	125,551,225
<i>Project preparation</i>			1,161,075	2,028,378	1,508,550	4,698,003
Sub Total INV			39,079,100	32,671,578	58,498,550	130,249,228
Non-investment	22.7					
<i>Institutional strengthening</i>		4,656,730	3,811,331	0	1,082,540	9,550,601
<i>Other non-investment</i>		9,236,620	3,693,792	700,600	186,450	13,817,462
Sub Total NON-INV		13,893,350	7,505,123	700,600	1,268,990	23,368,063
Sub-Total INV&NON-INV	152.7	13,893,350	46,584,223	33,372,178	59,767,540	153,617,291
Bilateral Co-operation**	20.0					15,937,146
Secretariat/Executive Committee/M&E function	3.3					3,300,000
TOTAL BUDGET	176.0					172,854,437

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

** Germany provided updated figures after the completion of the document “Further Modifications to Resource Allocation for 2002”, UNEP/OzL.Pro/ExCom/36/14.

9. The Executive Committee also inter alia authorised the Secretariat to adjust the resource allocation for projects to account for any shortfall arising from bilateral agencies' final business plans and any changes in allocations that might result from discussion of strategic planning, including additional funds that might be needed for country programme updates and increased allocation for institutional strengthening (Decision 35/2(d)).

10. As shown in Table 1, implementing agencies have submitted non-investment projects totalling US \$23,368,063 in their 2002 business plans. This is US \$668,063 more than in the draft business plans that results primarily from funding for country programme updates and increased funding for institutional strengthening pursuant to Decision 35/57. Also, additional institutional strengthening requests, RMP implementation projects, the second tranches of the global awareness and China policy training projects, and translation costs for OzonAction publications.

Bilateral co-operation

11. 10 bilateral donors submitted business plans covering activities for 2002 (UNEP/OzL.Pro/ExCom/36/9). Of the \$20 million allocated for bilateral activities in 2002, only US \$15,937,146 is planned to be submitted for the year 2002 as shown by country in Table 2. Therefore based on Decision 35/2(d), an additional US \$4,062,864 can be added to the resource allocation.

Table 2

RESOURCE ALLOCATION AND 2002 BUSINESS PLANS FOR BILATERAL AGENCIES

Country	Allocation	Resources Requirement Of Final 2002 Business Plan Amount (US\$)
Australia		450,000
Canada		918,450
Czech Republic*		20,000
France**		4,100,000
Germany		4,127,996
Israel		100,000
Italy		1,950,000
Japan***		4,000,000
Sweden****		270,700
Total Bilateral	20,000,000	15,937,146

* Business plans not submitted but project proposals submitted. The proposal for Belarus (a donor) was not included in total.

** France also included US \$500,000 for a solvent sector project that is included as part of the China Solvent Sector allocation for UNDP.

*** Japan indicated that it may submit more projects with an undetermined amount for bilateral co-operation in 2002.

**** Sweden also included US \$425,000 for activities in Malaysia and Thailand that is included in the National CFC Phase out Plans of those countries for the World Bank. Decision 35/3(c) applies in this case.

PART III: ACTIVITIES INCLUDED IN THE FINAL 2002 BUSINESS PLANS

12. Part III addresses the distribution of planned activities by region and country, investment projects and contingency lists, project preparation and non-investment projects.

DISTRIBUTION OF PLANNED ACTIVITIES BY REGION AND COUNTRY

13. The 2002 business plans include funding for activities in 112 Article 5 countries. A total of 61 countries included in the business plans are expected to receive investment (including projects preparation), recovery and recycling, methyl bromide projects and/or non-investment projects. Additional countries may also benefit from global and regional projects.

Non-investment projects

14. Most (38 per cent) of the Fund's resources for non-investment activities are for institutional strengthening (US \$8.53 million) and UNEP's CAP programme that includes the clearinghouse/information dissemination and networking functions (US \$5.351 million). Institutional strengthening projects are ongoing or planned for 124 Article 5 countries. Training is directed to 17 countries and one sub-region. Country programmes have been approved for 124 Article 5 countries.

Investment projects

15. A total of 61 countries will receive investment projects in 2002 including 26 low-volume-consuming countries (LVCs).

Investment projects in low-ODS-volume-consuming countries (LVCs)¹

16. LVCs are expected to receive US \$11.2 million (excluding agency fees) in 2002 for investment, recovery and recycling, and methyl bromide demonstration projects. The largest projects are a US \$2.5 million for methyl bromide in Zimbabwe to be submitted by France, a US \$969,057 for a methyl bromide project in Costa Rica to be submitted by UNDP, and a US \$750,000 for a methyl bromide project in Malawi to be submitted by UNDP.

INVESTMENT PROJECTS AND PROJECTS IN THE CONTINGENCY LIST

17. This section addresses the distribution of investment projects by sector and the projects included in the contingency list.

¹ Excluding LVCs included in global projects.

Distribution of planned investment projects by sector

18. The bilateral and implementing agencies plan to submit projects in all of the consumption sectors during the year 2002 except sterilants. The distribution of planned activities by sector is presented in Table 3 along with the funds approved and ODS phase-out approved to-date.

Table 3

APPROVALS (BY SECTOR) FOR INVESTMENT, RECOVERY AND RECYCLING, AND METHYL BROMIDE DEMONSTRATION/INVESTMENT PROJECTS, TO-DATE AND PLANNED FOR 2002*

Sector	Funds Approved To-Date		Funding Planned For Year 2002		ODS Phase-Out To-Date		ODS Phase-Out Planned for Year 2002	
	Amount (US\$)*	% of Total	Amount (US\$)*	% of Total	Amount (ODP tonnes)	% of Total	Amount (ODP tonnes)	% of Total
Aerosol	26,858,408	3%	2,696,375	2%	24,902	12%	520	2%
Foam	298,162,052	30%	29,122,339	21%	53,714	27%	4,897	22%
Fumigant	38,098,946	4%	16,303,057	12%	1,735	1%	795	4%
Halon	54,526,562	6%	780,000	1%	34,594	17%	3,617	16%
Multiple Sectors	3,819,515	0%	0	0%	670	0%	0	0%
Others	7,059,360	1%	2,000,000	1%	530	0%	120	1%
Process Agent	5,193,378	1%	2,700,000	2%	1,214	1%	250	1%
National Phase-Out	6,079,940	1%	0	0%	115	0%	0	0%
Production	73,607,120	8%	24,900,000	18%	46,370	23%	7,352	33%
Refrigeration	419,800,377	43%	32,872,119	24%	33,080	17%	2,028	9%
Solvent	43,759,115	4%	10,660,000	8%	3,151	2%	949	4%
Sterilant	807,836	0%	0	0%	41	0%	0	0%
Several			14,878,000	11%			1,640	7%
Total	977,772,609	100%	136,911,890	100%	200,117	100%	22,168	100%

* Excluding agency fees.

Production sector

19. The total amount of production sector funding for 2002, will represent 18 per cent of total funding. The World Bank has included its forward commitments for the halon annual programme in China and the CFC production annual programmes in China and India. The Bank plans on submitting a new CFC production project for Argentina and Venezuela after 2002. UNIDO is planning the submission of a CFC production project in Mexico after 2002, but plans preparatory work in 2002. The World Bank is planning the submission of CTC and TCA production projects after 2002 for China but did not provide a values for these projects. The Bank is also planning for a CTC production project in India after 2002 but did not provide a value.

Aerosol and halon investment projects

20. Aerosol projects are expected to receive 1 per cent of total resources and halon projects, 2 per cent. The level of funding for the halon sector is US \$780,000 and six projects are foreseen in 2002.

Fumigants (methyl bromide) projects

21. The agencies have included 29 methyl bromide investment projects (new and funding tranches of approved projects) representing US \$16.3 million. Methyl bromide investment projects are planned by the implementing and bilateral agencies in the following countries: Canada (Indonesia), France (Algeria, Zimbabwe), Germany (Kenya, Namibia, Yemen), Italy (Tunisia), UNDP (Argentina, Costa Rica, Ghana, Kenya, Lebanon, Malawi, Malaysia, Mexico, Sri Lanka, Zimbabwe), UNIDO (Dominican Republic, Egypt, Georgia, Guatemala, Honduras, Iran, Lebanon, Morocco, Syria, Turkey) and the World Bank (Ecuador, Turkey).

Contingency

22. Implementing agencies indicated that of the US \$130 million in their business plans for investment projects, projects valued at about US \$10.19 million might raise policy issues (7.4 per cent of the total). The following amounts are included in the agencies' contingency tables: UNDP (US \$5.51 million), UNIDO (US \$4.35 million), and the World Bank (US \$750,000).

23. France and Germany also included projects in a contingency list that would be submitted in order to ensure that each country fully utilises 20 per cent of its contribution for bilateral co-operation. France has a contingency list valued at US \$3 million and Germany has projects valued at US \$7.49 million in its contingency list.

PROJECT PREPARATION

24. The implementing and bilateral agencies are indicating that their business plans include US \$4.71 million to prepare projects that will be delivered in or after the year 2002. (See Table 4). Additionally, US \$378,578 is being requested for preparation of projects included in the contingency list.

Table 4

PROJECT PREPARATION*

Agency	Programme Development (US\$)	Contingency (US\$)	Total (US\$)
Germany	243,498	146,900	390,398
UNDP	1,081,975	79,100	1,161,075
UNIDO	1,875,800	152,578	2,028,378
World Bank	1,508,550	0	1,508,550
Grand Total	4,709,823	378,578	5,088,401

* Including agency fees.

NON-INVESTMENT PROJECTS

25. 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 Compliance Assistance Programme that includes the clearing-house function, networking, and other activities. A separate resource allocation is provided for institutional strengthening. Table 5 presents the funding level for the five types of non-investment activities.

Table 5

PLANNED NON-INVESTMENT ACTIVITIES IN 2002*

Agency	Country Programme	Methyl Bromide	Refrigerant Management Plan	Technical Assistance	Training	Total
Bilateral			218,599	1,642,681	226,000	2,087,280
UNDP	539,850			3,153,942		3,693,792
UNEP**	357,080			7,435,400	1,444,140	9,236,620
UNIDO	67,800	67,800	113,000	339,000	113,000	700,600
World Bank	50,850			135,600		186,450
Total	1,015,580	67,800	331,599	12,706,623	1,783,140	15,904,742

* Assumed 13% agency fees.

** Includes UNEP's CAP activities.

Country programme/RMP preparation

26. Requests for country programme preparation also include the preparation of RMPs. Country programme/RMP updates are included for 16 countries. UNEP included the development of country programme/RMP plans in its 2002 business plan for a global project that includes 9 country programme updates including Antigua & Barbuda, Fiji, Honduras, Iran,

DRP Korea, Nicaragua, Panama, Peru, and Seychelles. Other agencies included country programme updates for the following countries: Bangladesh, Colombia, Lebanon, Pakistan, Romania, India, and Nigeria.

27. UNEP included a provision in its business plan for the development of initial country programmes for 4 expected new Parties including: Bhutan, Equatorial Guinea, Guinea Bissau, and Sao Tome and Principe.

28. RMP updates were also included for: Argentina, Chad, Croatia, El Salvador, Gabon, Jamaica, Niger, Saint Lucia, and Trinidad and Tobago. Sweden also included a regional project for Asia for RMP updates.

Technical assistance

29. Most of the technical assistance funding (about US \$5.8 million) is for UNEP's Compliance Assistance Programme that includes recurring information exchange and networking costs. UNEP indicated that US \$6 million is expected to be required for 2003 and US \$6.2 million would be required for 2004.

30. Other technical assistance activities include regional halon and methyl bromide activities, compliance assistance, public awareness, a workshop on training requirements, sub-regional harmonisation of customs monitoring, and innovative financing in the Caribbean.

Methyl Bromide Projects

31. Methyl bromide awareness workshops are planned for Mali and Panama at a cost of US \$67,800.

Training

32. UNEP, UNIDO and Germany are the only agencies that included training activities in its business plans as non-investment projects. UNEP is planning to submit training requests totalling US \$1.44 million in 2002. Most of these activities are associated with RMPs. UNIDO is requesting US \$180,800 and Germany is requesting US \$226,000 for training in 2002.

Institutional strengthening

33. Implementing agencies are planning to request US \$9.64 million for institutional strengthening during the year 2002 (See Table 6). US \$5.34 million was allocated for institutional strengthening in the 2001 business plans.

Table 6

INSTITUTIONAL STRENGTHENING, TO-DATE AND PLANNED FOR 2002*

Agency	Approved Funds to date (US\$)	Planned for year 2002 (US\$)
France	38,874	0
Germany	0	90,400
UNDP	15,546,685	3,811,331
UNEP	10,821,221	4,656,730
UNIDO	2,660,204	0
World Bank	3,174,483	1,082,540
USA	350,000	0
TOTAL	32,591,467	9,641,001

* Including agency fees.

34. Implementing agencies plan on submitting 81 requests for institutional strengthening in 2002. Of this amount, 69 requests are for institutional strengthening renewals. Twelve first time requests for institutional strengthening are expected to be submitted in 2002 for the following countries: Angola, Cambodia, Cape Verde, Djibouti, Haiti, Liberia, Kuwait, Kyrgystan, Rwanda, Sierra Leone, Somalia and Suriname.

35. Decision 35/57 allows for a 30 per cent increase in funding for institutional strengthening projects. The implementing agencies have adjusted the funding levels for these activities according to the decision.

PART IV: PERFORMANCE INDICATORS

36. Table 7 presents the agencies' proposed investment project performance indicator targets for 2002.

Table 7

PERFORMANCE INDICATORS FOR INVESTMENT PROJECTS *

ITEMS	UNDP	UNIDO	WORLD BANK
Weighted indicators			
Actual ODS phased out from completed projects (ODP tonnes)	5,000	2,836	8,100
Disbursement (US\$)	\$38,080,000	\$22,000,000	\$46,200,000
Satisfactory project completion reports received (percentage)	100%	100%	100%
Distribution of projects among countries in business plan (number of countries)	31	26	14
Pending decision on status as weighted or non-weighted performance indicator			
Timely submission of progress report	On time	Deadline set by ExCom	1 May 2002 or eight weeks before the subsequent ExCom
Non-weighted indicators			
Number of investment projects to be completed in year of business plan	88	35	48
Net emissions(reductions) of ODP resulting from implementation delays(early completion) (ODP tonnes)	14,136	14,100	26,000
Value of Projects Approved (US\$)*	\$37,918,025	\$27,360,000 (excl. support cost)	\$56,990,000
ODP from Projects Approved	4,304	2,917	13,876
Cost of Project Preparation	2.7%	2.8%	2.54%
Cost-effectiveness from Approvals (US\$/ODP in kg)	\$7.8	a) \$8.68 excl. MBR b) \$9.38 incl. MBR	\$3.81
Speed of delivery (first disbursement)	13 months	10 months	26 months
Speed of delivery (completion)	33 months	36 months	39 months

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

37. The total amount of ODS to be phased out from projects to be completed in 2002 is 15,936 ODP tonnes. The total amount of disbursements expected for 2002 is US \$106.28 million. These targets are recommended for the Multilateral Fund for 2002.

38. Pursuant to Decision 35/14(e), the Executive Committee adopted a non-weighted investment project indicator for number of investment projects to be completed in the year of the business plan. All of the agencies provided targets for the new indicator.

39. Table 8 presents the proposed non-investment project performance indicator targets for 2002.

Table 8

NON-INVESTMENT PERFORMANCE INDICATORS

ITEMS	UNDP	UNEP	UNIDO	WORLD BANK
Weighted indicators				
Number of Projects to be Completed	12	60% of total projects approved	11	9
Funds Disbursed (US\$)*	\$3,544,975	73% of approved funding	\$867,000	\$1,450,000
Speed of delivery (first disbursement)	11 months	6 months	10 months	19 months
Speed of delivery (completion)	34 months	26 months	24 months	35 months
Pending decision on status as weighted or non-weighted performance indicator				
Timely submission of progress report	On time	Timely submission	Deadline set by ExCom	1 May 2002 or eight weeks before the subsequent ExCom
Non-weighted indicators				
Appropriate & timely policies initiated by countries as a result of non-investment activities (number)	3	10 countries	At least one country	Specific policies identified for 1 country
Reduction in ODS consumption over and above that effected by investment projects (ODP tonnes)	120	44.8	69.1	350 ODP tonnes from four on-going recovery and recycling projects
N/P – Not provided in business plan narratives as requested.				

*Include agency fees

PART V: FORWARD COMMITMENTS AND MULTI-YEAR PERFORMANCE-BASED AGREEMENTS

40. All four implementing agencies have included multi-year projects in their plans, including performance-based agreements for those agencies doing investment projects. A multi-year funding project is one where the Executive Committee approves in principle its funding level, while the funds are released annually based on achieving predetermined ODS reduction targets. In the case of UNEP, its multi-year projects include at this time two projects with annual tranches. These projects result in forward commitments based on agreements and approvals in principle. The proposed multi-year performance-based agreements would represent additional forward commitments for the Multilateral Fund.

41. Annex I presents the full list of multi-year performance based agreements that have been approved in principle by the Executive Committee. It shows the agreements by country and

sector, the agency implementing the agreement, and the value of the annual tranches from 1997 through 2010. The Executive Committee has approved in principle 17 agreements valued at US \$509.6 million and has disbursed through 2001, US \$172.64 million of this amount leaving a balance of US \$336.96 million to be disbursed from the Fund. A total of US \$67.2 million is scheduled for disbursement from the Fund in 2002.

42. The bilateral and implementing agencies included 33 multi-year performance-based agreements with a first tranche value of US \$36.12 million that would be submitted in 2002. By approving these agreements in 2002, the Executive Committee would be approving in principle future commitments estimated at US \$190.4 million including the value of the first tranche. The business plans also indicated that agencies plan on submitting at this time an additional 10 agreements in 2003, the value for which is not known for half of these agreements, but for the 5 agreements for which a value was estimated, these projects would represent an estimated US \$59.6 million in forward commitments. The World Bank provided a total value of US \$31.23 million for four of its 11 planned multi-year projects, but did not specify values for 2002 and 2003.

43. Annex II presents the planned new submissions for 2002 and 2003 and the value of these submissions after 2003 where available.

44. Table 9 summarises the estimated values of the existing and planned multi-year performance-based agreements for the annual tranches for 2002 and 2003 and future tranches after 2003.

Table 9

**FORWARD COMMITMENTS THROUGH 2001, APPROVED AND PLANNED FOR
2002, 2003 AND THE BALANCE AFTER 2003***
(in US \$ millions)

Agency	EXISTING				PLANNED			Total Existing and Planned
	Tranches through 2001	Tranches for 2002	Tranches for 2003	Future Tranches	Tranches for 2002	Tranches for 2003	Future Tranches	
Germany					0.86	0	3.96	4.82
UNDP	18.90	9.56	8.93	31.51	25.65	26.05	84.60	205.2
UNIDO	4.49	5.51	5.09	8.48	8.01	19.42	79.92	130.92
World Bank	149.25	52.16	41.59	174.20	1.60	Not Provided	31.23	31.23
Total	172.64	67.23	55.61	214.19	36.12	45.47	199.71	790.97

*Actual agency fees used for existing agreements. A 10 per cent agency fee is assumed for planned activities.

PART VI: POTENTIAL IMPACT OF BUSINESS PLANS ON SECTOR CONSUMPTION

45. Sector consumption data is provided by Article 5 countries in the context of their annual reports on the implementation of their country programmes to the Fund Secretariat. Table 10 presents on a global sector basis what consumption is remaining in each sector to be phased out after considering approved but unimplemented projects and the phase out from those projects included in the 2002 business plans. It should be noted that sector consumption data is updated annually as is the remaining approved but unimplemented consumption. Moreover, remaining sector consumption data is based on usage while Article 7 compliance data is based on the definition of consumption per the Protocol.

Table 10

SECTOR CONSUMPTION DATA AND THE IMPACT OF THE PHASE OUT FROM PROJECTS IN THE 2002 BUSINESS PLAN

Sector Consumption	Aerosol	Foam	Halon	Refrigeration	Solvent	Other	Process Agent	Methyl Bromide	Sterilant	Several
ODP Phased Out	21,848	27,204	31,834	20,935	1,615	404	-	56	21	36
Latest Consumption (year)	5,625	42,674	23,767	57,916	15,276	1,037	20,100	8,434	90	-
Approved but Unimplemented	3,256	29,056	13,110	14,344	1,551	90	1,214	1,679	20	115
2002 BP Investment	520	4,897	3,617	2,028	949	120	250	795	0	1640
Balance	1,849	8,721	7,040	41,544	12,776	827	18,636	5,960	70	N/A

PART VII: COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

Activities in Countries with Data Discrepancy Issues

46. Decision 35/2(b) states that agencies should resolve data discrepancy issues before including projects from those countries in their final 2002 business plans. This decision was taken as a follow-up to the Committee's decision 34/18(a) that requested the Secretariat and the implementing agencies not to submit project proposals which showed inconsistencies between project data and the latest reported sectoral consumption data.

47. Pursuant to Decision 35/2(b) the Secretariat identified data discrepancies based on the latest sectoral consumption data provided by Article 5 countries concerning the implementation of their country programmes. In the case of Jordan, the projects initially included in the final business plan presented sectoral discrepancies and its remaining overall CFC consumption is negative according to the two options in Decision 35/57. Jordan's projects were removed from the business plan.

48. Several other countries in each agency's business plan also have data discrepancies concerning the sectors in which funding is requested; however, all of these countries have remaining CFC to be phased out nationally. The Executive Committee may wish to consider if these projects should remain in the business plans.

Modifications to resource allocation for 2002 and potential additional activities in 2002

49. Document UNEP/OzL.Pro/ExCom/36/14 addresses possible modifications to the resource allocation for 2002. Implementing agencies have included an extra table in their business plans indicating the additional activities that they may wish to undertake in 2002. The Executive Committee may wish to consider these additional activities and in the light of its decision on modifications to the resource allocation for 2002, provide guidance to the implementing agencies on those activities it may wish to consider. Such activities could be presented as an addendum to the agencies' 2002 business plans that could be submitted to the 37th Meeting.

National ODS phase out plans, Terminal CFC phase out plans, Sector plans, Country Programme Updates, RMP Updates and Individual Projects

50. Implementing agencies have included various combinations of national ODS phase out plans, terminal CFC phase out plans, sector phase out plans, country programme updates and RMP updates along with individual projects sometimes for the same country.

National ODS/CFC phase-out programmes with performance-based sector agreements

51. The Secretariat has advised the agencies that it may not be practical to prepare and implement a "national" ODS/CFC phase-out project in a country at the same time as one or more sectoral projects are being implemented, because of the difficulties in determining accountability in the consumption limits to be specified in the accompanying agreement. For example, it would not be possible to have a sectoral agreement with one agency at the same time as a national agreement for all ODS/CFC consumption with another agency.

52. In circumstances where a country wishes to have one agency implement a sectoral plan for one sector and another agency implement a plan for all the remaining sectors the second plan will need to be presented as a combined sectoral plan for all the remaining sectors and to be based on combined sectoral consumption. However, such a combined approach would be much more difficult to implement, monitor and audit than a complete national approach, because it relies on sectoral information which is difficult to establish and audit and not always reliable. For all except the largest consuming countries, implementing agencies were urged to endeavour to negotiate arrangements whereby a single agency can assume full responsibility for all sectors in a country and bring forward complete national proposals based on reductions in total national consumption of either all CFCs or all ODS. The Executive Committee may wish to consider adopting this policy for such sector agreements.

Individual Projects in the Business Plan along with Sector/National phase out plans

53. In its review of bilateral and implementing agencies' business plans, the Secretariat identified individual projects that were included in countries where sector and/or substance-wide phase-out projects were also included for 2002. Decision 30/21 requires that in cases where sectoral strategies were being prepared that were unlikely to be submitted for at least six months, agencies could submit individual projects if the country concerned had stated in a letter its intentions to adhere to a sectoral strategy and implementing agencies provided an assurance in the request for funding that the project could be adjusted, as appropriate and incorporated into the sectoral strategy. The Secretariat advised the agencies of Decision 30/21 and the potential overlaps, however, some overlaps remain. These overlaps are presented in the Secretariat's comments on the individual agency business plans, but will also be addressed in the context of comments on work programme submissions where funding of these activities are being requested at the 36th Meeting.

Differences between the draft and final business plans and potential remaining overlaps between implementing and bilateral agencies

54. There were significant changes between the draft business plans and the final business plans. In addition to those changes mandated by the Committee, i.e., funding for country programme/RMP updates and an increased level of funding for institutional strengthening, agencies included some projects that were not submitted from their 2001 business plans, changed individual projects into sector and/or substance phase out projects, removed projects due to approvals at the 35th Meeting, and introduced new sector/substance phase out projects. No new investment projects were added for countries at risk of non-compliance despite Decision 35/2 that encouraged implementing agencies to continue to reach out to those countries at risk of non-compliance to provide proposals for activities to be included in the agencies' final business plans. Comments on the differences between the draft and final business plans are provided on individual business plans.

Proposed weighting for timely submission of progress reports

55. The Executive Committee adopted a new performance indicator for the timely submission of progress reports at its 34th Meeting (Decision 34/4(d)). The Committee did not indicate if the indicator should be applied to investment and/or non-investment projects or if the indicator should be weighted or not weighted. Implementing agencies have included the indicator as a non-weighted indicator for investment projects, while UNEP included it as a non-weighted indicator for non-investment activities. For consistency, the indicator should be included both for investment and non-investment projects. Weighting the indicator would provide a greater incentive to redress the increasing delays in the submission of progress reports and submission of responses to comments. If the Executive Committee chooses to weight this indicator, the Secretariat proposes a weighting of 10 points with 5 points representing the time of submission of the original draft and 5 points for submitting the responses to comments and any revised document within five working days after receipt of comments. The weighting would apply both to investment and non-investment projects.

Capacity to Deliver

56. At its 34th Meeting, the Executive Committee requested agencies presenting investment project proposals to the Executive Committee to ensure that projects were submitted for the countries listed in their business plans and that those projects were submitted during the calendar year of the plan (Decision 34/11(d)). The remaining investment project share allocation for 2001 at the end of 2001 was US \$24.4 million in projects. UNDP and UNIDO submitted to the 36th Meeting projects valued at around US \$4 million and US \$7 million, respectively against their 2001 business plan. The World Bank submitted projects in its 2001 business plan to the 36th Meeting valued at about US \$12 million, which is US \$4.9 million below the amount it could submit with over-programming. The Bank also submitted projects that were not in its 2001 or 2002 business plan. Concerning non-investment projects, UNEP indicated that it did not submit US \$2.2 million in training projects included in its 2001 business plan for RMP implementation due to delays in the preparation of the RMPs.

RECOMMENDATIONS

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

1. Note the Consolidated 2002 Business Plan of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/36/8.
2. Adopt a phase out target of 15,936 ODP tonnes and a disbursement target of US \$106.28 million for activities financed by the Multilateral Fund for 2002, and
3. Maintain those activities in countries with sectoral but not substance data discrepancies may remain in the business plan in the light of Decision 35/57.
4. Request the implementing agencies to submit to the 37th Meeting addenda to their 2002 final business plans in the light of the modified level of resource allocation for 2002.
5. Adopt a weighting of 10 points for the performance indicator “timely submission of progress reports” with 5 points for submission of the report on time and 5 points for submission of a revision and responses to questions within 5 working days after receipt of comments.

Annex I

**APPROVED MULTIPLE YEARS PROJECTS
(Including Agency Fees)**

Country (sector)	Agency	Status	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Bahamas (CFCs Phase-out)	World Bank						0.27		0.23		0.14						0.64
China (Foam)	World Bank						10.83	13.68	11.86	11.86	3.60	2.92	1.93	1.93			58.61
China (Halon)	World Bank		13.64	10.67	11.66	4.95	4.07	6.49	1.32	1.98	12.54	0.44	0.33	0.11			68.2
China (Production CFCs)	World Bank				21.8	14.17	14.17	14.17	14.17	14.17	14.17	14.17	14.17	14.17	14.17		163.5
China (Solvents)	UNDP					7.42	7.65	6.96	6.33	6.11	6.25	5.56	6.03	1.63	1.63	1.63	57.2
China (Tobacco)	UNIDO						2.18	2.18	2.18	1.96	1.85	1.64					11.99
Costa Rica (Methyl bromide)	UNDP	Final					1.35	1.08	1.08	1.08		0.81					5.40
India (Production CFCs)	World Bank				12.96	11.88	11.88	6.48	6.48	6.48	6.48	6.48	6.48	6.48	6.48		88.56
Lebanon (Methyl bromide)	UNDP	Final					0.90	0.67	0.56	0.45	0.34						2.92
Lebanon (Methyl bromide)	UNIDO	Final					0.39	0.48	0.51	0.39	0.28						2.05
Malaysia (CFCs Phase-Out)	World Bank						1.94	3.20	2.17	1.82	1.30	1.09	0.30	0.30	0.30		12.42
Malawi (Methyl bromide)	UNDP	Final					1.12	0.84	1.40								3.36
Morocco (Methyl bromide)	UNIDO						0.45	1.34	1.34	1.34							4.47
Syria (Methyl bromide)	UNIDO						0.34	0.40	0.27	0.21							1.22
Thailand (CFCs Phase-Out)	World Bank						0.57	5.45	4.21	1.38	1.40	0.89	0.58	0.58	0.40		15.46
Turkey (CFCs Phase-Out)	World Bank						3.80	2.67	1.15	0.79	0.78	0.53	0.03	0.03	0.025		9.81
Turkey (Methyl bromide)	UNIDO						1.12	1.12	0.78	0.79							3.81
Total Approved			13.64	10.67	46.42	38.42	63.03	67.21	56.04	50.81	49.13	34.53	29.85	25.23	23.01	1.63	509.62

Annex II

**NEW SUBMISSIONS IN MILLION US DOLLARS
(Assumed 10% Agency fees)**

Country (Sector)	Agency	2002	2003	After 2003
Albania (Several)	UNIDO		0.28	
Algeria (Aerosol)	UNIDO	0.48	0.88	
Algeria (Refrigeration)	UNIDO	0.08	0.55	1.10
Algeria (Refrigeration)	UNIDO	0.33	0.55	1.10
Angola (Refrigeration)	Germany	0.09		0.34
Argentina (Foam)	UNDP	0.88	0.88	0.22
Argentina (Fumigation)	UNDP	0.88	1.10	2.20
Argentina (Production CFC)	IBRD			21.55
Bosnia & Herzegovina (Several)	UNIDO		0.44	
Brazil (Process Agent)	IBRD			n.a.
Brazil (Several)	UNDP	6.05	5.50	21.45
Cameroon (Several)	UNIDO		0.22	
China (Aerosol)	UNIDO		n/a	
China (Production CTC)	IBRD			n.a.
China (Production TCA)	IBRD			n.a.
China (Refrigeration)	UNIDO	2.75	4.40	11.00
Cuba (Aerosol)	UNDP	0.73	0.73	0.00
Dominican Republic (Fumigation)	UNIDO	0.77	0.77	2.31
Dominican Republic (Refrigeration)	UNDP	0.28	0.28	
Ecuador (Several)	IBRD			1.21
Egypt (Fumigation)	UNIDO	1.10	1.10	2.97
Egypt (Several)	UNIDO		0.55	
Guatemala (Fumigation)	UNIDO	0.77	0.77	2.31
India (Aerosol)	UNIDO		n/a	
India (Foam)	UNDP	2.20	1.65	5.06
India (Production CTC)	IBRD			n.a.
India (Refrigeration)	IBRD			n.a.
India (Refrigeration)	UNDP	1.10	1.10	3.30

Annex II

Country (Sector)	Agency	2002	2003	After 2003
India (Refrigeration)	UNDP	1.43	1.32	7.81
Indonesia (Aerosol)	IBRD			1.10
Indonesia (Foam)	IBRD	1.10		n.a.
Indonesia (Process Agent)	UNIDO		n/a	
Indonesia (Refrigeration)	UNDP	1.10	1.76	7.04
Indonesia (Refrigeration)	UNDP	1.42	1.76	9.79
Iran (Aerosol)	UNIDO		n/a	
Iran (Refrigeration)	UNDP	3.85	3.52	3.19
Iran (Refrigeration)	UNIDO	0.08	0.55	2.20
Kenya (Fumigation)	Germany	0.22		0.33
Kenya (Fumigation)	UNDP	0.55	0.55	1.10
Lebanon (Refrigeration)	UNIDO	0.33	0.61	0.61
Lebanon (Several)	UNDP	0.57	0.35	0.28
Mexico (Foam)	UNDP	0.66	0.66	0.85
Mexico (Fumigation)	UNDP	0.22	0.83	0.84
Mexico (Production)	UNIDO		5.50	49.50
Mexico (Refrigeration)	UNIDO	0.06	0.22	3.08
Mexico (Refrigeration)	UNIDO	1.21	0.55	0.55
Mexico (Solvent)	UNIDO		0.33	0.22
Nigeria (Foam)	UNDP	2.09	1.65	8.14
Nigeria (Refrigeration)	UNDP	0.77	1.10	8.03
Nigeria (Solvent)	UNIDO		0.55	1.65
Pakistan (Refrigeration)	UNIDO	0.06	0.22	1.32
Philippines (Several)	IBRD	0.50		n.a.
Romania (Aerosol)	UNIDO		n/a	
Southern and Eastern Africa. (Refrigeration)	Germany	0.28		1.36
Syria (Refrigeration)	UNDP	0.66	1.10	5.29
Syria (Several)	UNIDO		0.17	
Turkey (Solvent)	UNIDO		n/a	
Venezuela (Production CFC)	IBRD			7.37
Venezuela (Several)	UNIDO		0.22	
Yemen (Fumigation)	Germany	0.28		1.93
Zimbabwe (Fumigation)	UNDP	0.22	0.22	0.02
Total		36.11	45.46	199.70
