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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-seventh Meeting  
Montreal, 17-19 July 2002

**ADDENDUM TO 2002 UNDP BUSINESS PLAN**

## **Introduction**

1. At its 36<sup>th</sup> Meeting, the Executive Committee decided to request implementing agencies to prepare addenda to their 2002 business plans to plan activities for the unallocated funds from 2001 and the remaining allocations from bilateral agencies in 2002 business plans.
2. The total amount of US \$10,604,264 was distributed according to agency shares and therefore US \$3,181,279 was allocated for UNDP.
3. UNDP's 2002 business plan addendum includes one request for additional funding for a CFC terminal phase-out programme which has been submitted to the 37<sup>th</sup> Meeting as the national CFC phase-out plan of Brazil.

## **Comments**

4. UNDP's addendum represents an increase in allocation for the activity in the 2002 business plan from US \$5.5 million to US \$8.7 million which is still US \$2.2 million short of the funding being requested for the first tranche of the national CFC phase-out plan in Brazil at the 37<sup>th</sup> Meeting.
5. This request meets all of the conditions of Decision 36/13.

## **Recommendations**

Given the unusual circumstance of submitting the business plan addenda of the implementing agencies at the same time as the submission of activities contained therein for funding, the Monitoring, Evaluation and Finance Sub-Committee may wish to recommend to the Executive Committee to:

1. Endorse the Addendum to UNDP's 2002 Business Plan as contained in UNEP/OzL.Pro/ExCom/37/19 while noting that endorsement did not denote approval of the project identified therein nor its funding level, and
2. Note that weighted and un-weighted performance indicators would be revised, as appropriate.
3. Consider how funds for the addendum should be allocated if the activities are not approved.

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**EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE  
MONTREAL PROTOCOL  
(37th Meeting, 17-19 July 2002, Montreal)**

**ADDENDUM TO UNDP's 2002 BUSINESS PLAN**

**22 May 2002**

# **ADDENDUM TO UNDP's 2002 BUSINESS PLAN**

## **37<sup>th</sup> Executive Committee Meeting (17-19 July 2002, Montreal)**

### **I. Introduction.**

1. The 36<sup>th</sup> Meeting of the Executive Committee held in December 2002, approved UNDP's 2002 Business Plan comprising both a series of tables and a detailed narrative. According to decision 36/13 taken at that meeting, remaining investment share allocations from 2001 and remaining allocations from bilateral agencies in 2002 business plans would be distributed among the implementing agencies according to investment shares. The same decision requests these agencies to prepare addenda to their business plans for submission to the 37<sup>th</sup> meeting of the Executive Committee. This document is prepared by UNDP in line of this decision.
2. The MLF Secretariat informed UNDP that in accordance to the above-mentioned decision 36/13, an amount of US\$ 3,181,279 would be available for inclusion in its 2002 business plan addendum.
3. During the yearly business plan exercise conducted in July/August 2001, UNDP has received a large number of requests from article-5 countries. UNDP has taken all eligible requests in its 2002 business plan, and the number of new countries, as well as the number of LVC's far exceeded any such numbers in previous years. Indeed, in 2002, UNDP has included nine new countries (Cambodia, Djibouti, Haiti, Kyrgyzstan, Laos, Rwanda, Somalia, Surinam and Togo) all of which are LVCs. In 2002 alone, UNDP is planning new activities in 26 LVCs out of 43 countries, for both investment and non-investment activities, which is a significantly higher percentage than in any of the previous years. This is already very ambitious, and it will not be easy to achieve these targets. However, in order to reach out to a maximum number of LVC's and countries that may be in non-compliance, UNDP decided to leave all these requests within its plan, even though there is a risk that UNDP will not meet these ambitious targets.
4. No further eligible requests from LVCs were received between the 36<sup>th</sup> meeting and the submission deadline, and in view of the efforts already undertaken in its approved business plan, UNDP chose to use the additional resources for a large-volume consuming country at risk of not achieving the 50% reduction in 2005.
5. The additional funds being requested would be used to allow for a larger first tranche of the Brazil National CFC Phaseout Plan than anticipated in the BP which was prepared prior to the finalization of the Plan. The draft of this Plan was submitted to the MLF Secretariat in April 2002, for consideration at the 37th meeting of the Executive Committee. In its original business plan, UNDP had allocated an amount of US\$ 5.5 million without support costs for this activity. This would be insufficient to provide for the first tranche being proposed in the plan (US\$ 9,557,130 without support costs for UNDP and US\$ 2 million bilateral from GTZ). Discussions with the Secretariat during the review process in the coming weeks, with UNDP, Germany and Brazil will determine the exact size of the first tranche. However, the total amount of the

additional funds in this addendum (US\$ US\$ 3,181,279) are expected to be needed, especially when considering that the support costs must still be added to the amount that will eventually be agreed with for the first tranche.

6. It should be noted that there are no changes to the contingency list of the business plan.

## **II. Way in which Decision 31/13 (b) was addressed.**

7. Decision 31/13 (b) contained three principles to which the request(s) in the addendum must conform with:

- (i) Cost-effectiveness standards must be favorable: As in all National Phaseout Plans, the Brazilian plan would have a very favorable cost-effectiveness.
- (ii) No Overlap of agency activities: UNDP has worked diligently together with GTZ, who would take care of the customs training and training of refrigeration technicians in the servicing sector, and the activities have been clearly delineated in the draft phaseout plan. No other agencies has planned activities in the CFC-consumption sector in Brazil. There is therefore absolutely no overlap.
- (iii) Consistent and Reliable Data: Being a National CFC Phaseout Plan, the country data has been analyzed in great detail, and checked with the official data submitted to the Ozone Secretariat. This information is already available and being examined by the MLF Secretariat.

8. As mentioned, the additional funds being requested are crucial to allow Brazil to meet its 50% CFC reduction target. With 5,801 ODP tons of Annex A CFCs to be phased out, mostly in the servicing sector (where just a pilot training project has been approved and is under implementation so far), Brazil is at serious risk of not meeting its 2005 target unless assistance is provided soon.

## **III. Changes in the Performance Indicators.**

The following provides the revised table of 2002 performance indicators for investment projects:

PERFORMANCE INDICATOR	TARGETS	REMARKS
<b>Weighted indicators</b>		
ODP phased out from previous approvals (ODP tonnes)	5,000	Unchanged (beyond 2002)
Funds disbursed (US\$) including INV, R&R and MeBr projects	\$38,080,000	Unchanged (beyond 2002)
Satisfactory project completion reports received (%age)	100%	Unchanged
Distribution of projects among countries in business plan (number)	31	Unchanged
<b>Non-weighted indicators</b>		
Value of projects to be approved (US\$)	\$41,099,304	Added US\$ 3,181,279
ODP from projects to be approved (ODP tonnes)	4,834	Added 530 tonnes
Cost of project preparation (% of submission)	2.6	Decreased from 2.7
Cost-effectiveness from projects to be approved (US\$/ODP in kg.)	7.6	Decreased from 7.8
Speed of delivery until first disbursement (months from approval)	13	Unchanged
Speed of delivery until project completion (months from approval)	33	Unchanged
Net emission/reduction of ODP resulting from implementation delays/early completion (tonnes)	14,136	Unchanged
Timely Submission of Progress Reports	“on time”	Unchanged

#### **IV. UNDP Compliance with Decision 36/9**

UNDP was requested under Decision 36/9, para 43(c) to provide an addendum to its 2002 business plan including actions it would take to expedite the implementation of approved projects and those critical to compliance.

UNDP Montreal Protocol Unit, MPU, is adjusting the way it operates so as to better assist countries to comply with the MP control measures under the strategic direction given by the newly approved guidelines for the next triennium of the MLF . Some measures are mentioned below:

- UNDP has increased the selection of national consultants/ national associations/ partners at the country level so as to better attend to the needs of countries and speed up response at the field level, UNDP intends to increase the number of staff in the region as well.
- UNDP has increased the number of nationally executed projects where the role of national experts and national institutions is greater than before, thereby building national capacity. In this modality the UNDP country office takes the responsibility of the financial accountability and ensures that project milestones are met. UNDP believes that by working more closely with its country offices and by using the national execution modality it can make an important contribution in assisting article-5 countries in implementing national/ sectoral plans, for the countries that have chosen such options, and can provide the sustained compliance assistance they require.
- UNDP’s vast network of country offices where Resident Representatives are in constant contact with senior government officials in various Ministers are being used to give support to the

NOUs to resolve pending issues. UNDP's Resident Representatives/ Coordinators have the kind of access to the higher levels of the Government that can be of utmost importance when legislation and political impediments to implementation need to be addressed.

- In addition, it is important to note that the Bureau for Development Policy, BDP, where the Montreal Protocol Unit is located, has been restructured to enable UNDP to provide global advocacy and policy advisory services. A network of around 60 policy advisers and specialists are now in situ in the 9 Sub-Regional Resource Facilities (SURFs) supported by BDP, providing knowledge based services which are relevant and practical across the practice areas, one of them Environment and Sustainable Energy. MPU is in contact with the SURFs and will use their services where additional assistance is needed, on a cost recovery basis.