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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-second Meeting  
Montreal, 29 March - 2 April 2004

**CONSOLIDATED 2004-2006 BUSINESS PLAN OF THE MULTILATERAL FUND**

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## Introduction

1. The adoption of the three-year phase-out plan by the Executive Committee at its 38<sup>th</sup> Meeting (Decision 38/66) has changed the historic basis of business planning in the Multilateral Fund; from one that was based on funding shares for the implementing agencies, to a new approach based on the approval of certain amounts of ODSs for specific countries during the triennium to enable compliance with the Protocol control measures until 2007.

2. The Secretariat and the implementing agencies started their collaborative efforts early in February through an Inter-Agency Coordination Meeting. At this meeting, the implementing agencies and the Secretariat discussed inter alia financial planning and planned activities in countries that needed phase-out to comply with the interim control measures and an updated model three-year phase-out plan. Bilateral agencies were provided with an updated model three-year phase-out plan and invited to participate in a conference call during the coordination meeting.

3. The final version of the business plans was the result of three iterations of submissions. The business plans are multi-year business plans since three years of activities are included, although there is less certainty with regard to 2005 and 2006 activities except with regard to the ongoing multi-year agreements.

4. This document consists of the following sections:

Section I:	2004-2006 Business Plans
Section II:	2004 Business Plans
Section III:	Resource Allocation
Section IV:	Implementation of Ongoing Activities and Compliance
Section V:	Performance Indicators
Section VI:	Observations and Recommendations

### **SECTION I: BUSINESS PLANNING FOR THE 2004-2006 TRIENNIUM**

5. Based on the above, the bilateral and implementing agencies have endeavoured to provide the best fit between the phase-out requirements of the adjusted three-year phase-out plan and the resources available for the triennium.

6. Table 1 presents the amount of phase-out that should be considered for approval during the 2004-2006 triennium per the three-year phase-out plan that was updated based on the results of the 41<sup>st</sup> Meeting.

**Table 1****PHASE-OUT NEEDS ACCORDING TO THE THREE-YEAR PHASE-OUT MODEL**

<b>Phase-out in ODP tonnes</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Total</b>
CFC in non-LVC countries	4,700.9	4,700.9	2,574.7	11,976.5
CFC in LVC countries	1,083.0	1,083.0	301.7	2,467.7
CFC production sector	1,411.9	1,411.9	166.1	2,989.9
MB (consumption)	307.4	-	2.6	310.0
MB (production)	155.3	-	-	155.3
CTC	754.7	-	66.6	821.3
TCA	105.1	-	-	105.1
<b>Grand total (ODP tonnes)</b>	<b>8,518.3</b>	<b>7,195.8</b>	<b>3,111.7</b>	<b>18,825.8</b>

7. The amount of phase-out in Table 1 would have to be funded from the uncommitted resources for the 2004-2006 triennium. According to the document on financial planning (UNEP/OzL.Pro/ExCom/42/4), these resources are US \$95,579,060 in 2004 and US \$81,051,016 in 2005.

8. Consolidation of the 2004-2006 business plans revealed the following trends when compared with the three-year phase-out plan.

#### CFCs

9. Table 2 indicates that the business plans include a total of 12,617 ODP tonnes to be approved for the CFC consumption sector phase-out during the triennium for new activities, or 1,828 ODP tonnes below the level indicated in the model (62 ODP tonnes for non-LVCs and the remainder 1,766 ODP tonnes are attributed to CFC consumption in LVCs).

10. The small deviation in the amount of CFC for non-LVC from that indicated in the three-year phase-out plan has been attributed by implementing agencies to consumption that cannot be phased out through typical investment projects or sectoral phase-out plans since all non-LVCs have received funding for phase-out plans or the business plans for 2004 and 2005 have phase-out plans/projects to address control measures up to and including 2007.

11. The small deviation in the amount of CFC needed for LVCs is due to the fact that refrigerant management plan (RMP) activities are non-investment activities and recovery/recycling projects do not have the total phase-out associated with the individual projects. RMPs pursuant to Decision 31/48 are designed to enable LVCs to achieve their 2005 and 2007 controls for CFCs. Implementing and bilateral agencies have planned, or are developing, RMPs or RMP updates in all LVCs that are Parties.

**Table 2****PHASE-OUT OF CFC CONSUMPTION DURING 2004-2006**

Agency	CFC				CFC (Non-LVC)			
	2004	2005	2006	Total	2004	2005	2006	Total
Bilateral	595.6	392.9	411.9	1,400.3	352.9	392.9	411.9	1,157.6
UNDP	1,291.9	274.6	315.4	1,881.9	953.2	274.6	315.4	1,543.2
UNEP	198.2	88.7	125.3	412.2	198.2	88.7	125.3	412.2
UNIDO	2,834.3	3,083.8	1,976.8	7,894.9	2,724.3	3,083.8	1,976.8	7,784.9
World Bank	659.5	227.3	140.5	1,027.3	650.5	227.3	138.5	1,016.3
Agency Total	5,579.5	4,067.2	2,969.8	12,616.6	4,879.1	4,067.2	2,967.8	11,914.1
Total Required by Model	5,783.9	5,783.9	2,876.4	14,444.2	4,700.9	4,700.9	2,574.7	11,976.5
Difference	-204.4	-1,716.7	93.4	-1,827.6	178.2	-633.7	393.1	-62.4

ODS production sector

12. Implementing agencies have included 5 new production closure projects in their business plans as shown below:

Country	Agency	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006
China	IBRD	Accelerated production phase-out	10,750					
China	USA	Accelerate Closure of CFC and Halon Production	10,000					
China	UNIDO	Production, MBR-closure	1,613	207.7	1,613	207.7	5,375	692.3
Romania	UNIDO	Production, CFC/CTC/MBR-closure	0	0.0	1,613	300.0	538	100.0
Venezuela	IBRD	Production CFC closure	6,000	1,800.0	6,000	1,800.0	12,500	1,831.0

13. Five production phase-out projects are included in the business plans with one, the production closure of CFC/CTC/MBR in Romania to be submitted in 2005. The World Bank also plans to submit the CFC production closure project for Venezuela in 2004. With the approval of the planned projects in China (methyl bromide), Romania and Venezuela, the Executive Committee will have approved the phase-out of all of the known ODS production in Article 5 countries eligible for support from the Multilateral Fund.

14. Two of the four production phase-out projects are for accelerated phase-out of CFCs, halons and CTC in China beyond the current agreements with the Executive Committee to phase-out the production of these substances.

15. Table 3 presents the phase-out included in the business plan for Other Controlled Substances including methyl bromide, carbon tetrachloride (CTC), and methyl chloroform (TCA). It should be noted that unlike the case of CFCs, there are no starting points for determining the aggregate national consumption of Annex B and Annex E substances.

Therefore, the proposed phase-out in the business plans differ markedly from that calculated in the three-year phase-out plan.

**Table 3**

**OTHER CONTROLLED SUBSTANCES (IN ODP TONNES)**

Agency	MBR (Production and Consumption)				CTC				TCA			
	2004	2005	2006	Total	2004	2005	2006	Total	2004	2005	2006	Total
Bilateral	19.2	336.5	11.7	367.4				0.0				0.0
UNDP	18.0	15.2		33.2	199.6	16.6	29.0	245.2	35.3			35.3
UNIDO	357.0	365.9	1,185.1	1,908.0	493.8	1,702.7	103.3	2,299.8	386.8			386.8
World Bank	200.0	37.0	95.0	332.0		1,000.0	4,500.0	5,500.0				0.0
Agency Total	594.2	754.6	1,291.8	2,640.6	693.4	2,719.3	4,632.3	8,045.0	422.1	0.0	0.0	422.1
Total Required by Model	462.7	0.0	2.6	465.3	754.7	0.0	66.6	821.3	105.1	0.0	0.0	105.1
Difference	131.5	754.6	1,289.2	2,175.3	-61.3	2,719.3	4,565.7	7,223.7	317.0	0.0	0.0	317.0

Note: UNEP is providing assistance through CAP to several countries with low volumes of remaining consumption but the data is not quantifiable.

Methyl bromide

16. The business plans include a total of 2,641 ODP tonnes of phase-out to be approved during the triennium for new methyl bromide activities, or 2,175 ODP tonnes above the amount estimated by the model.

Carbon tetrachloride

17. The business plans include a total of 8,045 ODP tonnes of CTC to be approved during the triennium for new activities. This amount is 7,224 ODP tonnes above the level indicated in the model. It is to be recalled that the model did not include data on CTC production.

Methyl chloroform

18. The business plans include a total of 422 ODP tonnes of TCA to be approved during the triennium for new activities. This amount is 317 ODP tonnes above the level calculated by the model.

Several substances

19. The business plans include a total of 130 ODP tonnes of consumption phase-out for projects addressing CFC-113, CTC and TCA.

### Multi-year performance-based agreements with annual tranches

20. Table 4 summarises the estimated values of the existing and planned multi-year performance-based agreements for the annual tranches for 2004, 2005, 2006 and beyond. Based on the information provided in the agencies' 2004-06 business plans, a total of US \$124.4 million is scheduled for disbursement in 2004; US \$83.8 million is committed in 2005 and US \$86.11 million is committed in 2006.

**Table 4**

#### APPROVED AND PLANNED MULTI-YEAR AGREEMENTS (in US \$000)

Agency	EXISTING ANNUAL TRanches (Approved in Principle)				PLANNED ANNUAL TRanches (To be Submitted)				TOTAL EXISTING AND PLANNED
	2004	2005	2006	After 2006	2004	2005	2006	After 2006	
Canada					400	400	100		900
Germany	2,112	2,128	2,730	2,986	1,280	405	1,615		13,256
Japan	2,780	2,780			641	3,772			9,973
Sweden	69	23			165	180	80		517
Switzerland					245	490			735
UNDP	21,996	16,210	9,727	13,071	1,980	1,577	805	197	65,563
UNEP					565	791	904		2,260
UNIDO	24,356	12,202	16,590	565	15,407	23,833	23,410	10,902	127,265
World Bank	73,085	50,442	57,060	91,730	9,298	19,057	47,761	4,061	352,494
<b>Total</b>	<b>124,398</b>	<b>83,785</b>	<b>86,107</b>	<b>108,352</b>	<b>29,981</b>	<b>50,505</b>	<b>74,675</b>	<b>15,160</b>	<b>572,963</b>

\*Including administrative support costs.

21. The bilateral and implementing agencies included 47 new multi-year performance-based agreements with a first tranche value estimated at US \$29.98 million that would be submitted in 2004 (see Annex I). If these agreements are approved, the Executive Committee would have additional future commitments estimated at US \$170.32 million including the value of the first tranche associated with the Agreements.

22. Annex II 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 to and including 2010. The Executive Committee has approved in principle 48 agreements with an initial total value of US \$813.4 million of which about US \$402.6 million remains to be funded from 2004 to and including 2010. As indicated in Table 4 above, total existing and planned multi-year agreements amount to US \$573 million from 2004 to and including 2010 of which US \$284.3 would be approved after the 2003-2005 triennium.

### Funding of standard activities

23. Standard activities include institutional strengthening, the budget of the Fund Secretariat and Executive Committee meetings, implementing agencies' core unit administrative costs, and

UNEP's compliance assistance programme (CAP). The total costs for these activities in 2004 are: US \$8.21 million for institutional strengthening; US \$3.8 million for the Fund Secretariat and Executive Committee meetings; US \$4.5 million for implementing agencies' core unit administrative costs; and US \$7.59 million for UNEP's CAP. During the triennium, standard activity costs will amount to a total of US \$70.99 million.

### **Project preparation, other non-investment, and bilateral activities**

24. Other new activities that were not addressed above include project preparation, non-investment activities excluding CAP and RMP activities and bilateral cooperation.

#### Project preparation

25. The implementing and bilateral agencies are indicating that their business plans include US \$1.48 million to prepare projects that will be delivered in 2004. The total project preparation in the business plans by agency are as follows: UNDP (US \$485,900), UNEP (US \$474,600), UNIDO (US \$225,750), World Bank (US \$134,000), and bilateral agencies (US \$160,853).

#### Other non-investment activities

26. Other non-investment activities included in the 2004 business plans concern country programme updates, a demonstration project, and technical assistance and training not associated with CAP or RMP activities. Country programme updates amounting to US \$119,900 in total are included for Dominican Republic (UNEP) and Tunisia (World Bank).

27. UNEP is requesting US \$933,750 for training, including US \$452,000 for refrigeration training in India, US \$397,000 refrigeration training in China and US \$84,750 methyl bromide training in India. Japan is also requesting US \$100,000 for UNEP Supplementary Training Programme.

28. Technical assistance projects are planned amounting to US \$5.64 million of which US \$1.69 million is for UNEP, US \$2.3 million is for UNDP, US \$612,127 is for UNIDO, and US \$1.04 million for bilateral agencies. UNEP's technical assistance include inter alia: US \$226,000 for several and US \$339,000 for fumigant sector in global region, US \$113,000 for solvent sector in India, US \$33,900 for fumigant sector in Madagascar, US \$81,360 for refrigeration sector in Mongolia, US \$226,000 for several sector in African region, US \$28,250 for fumigant sector in Latin America region, US \$468,950 for refrigeration sector in Sri Lanka, and US \$169,500 for refrigeration sector in Uruguay. UNDP included US \$490,000 for solvent sector in Dominican Republic, US \$159,000 for solvent sector in Guatemala, US \$300,000 for aerosol inhalant drug products in India, US \$73,000 for solvent sectoral phase-out plan in Jamaica, US \$800,000 for solvent sectoral phase-out plan in Kenya, US \$200,000 for fumigant sector in Malaysia, US \$70,000 for aerosol inhalant drug products in Nicaragua, US \$60,000 for solvent sector in Uruguay, and US \$150,000 for solvent sector in Zimbabwe. UNIDO included methyl bromide technical assistance for Oman (US \$43,600) and Mexico (US \$568,527).

Bilateral Co-operation

29. Table 5 indicates that 10 bilateral donors submitted business plans and letters covering activities for 2004-2006 (UNEP/OzL.Pro/ExCom/42/7).

**Table 5****2004 BUSINESS PLANS FOR BILATERAL AGENCIES**

<b>Agency</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Canada	729,000	400,000	100,000
Czech Republic	34,579	34,579	0
Germany	5,071,794	2,843,758	4,494,663
Hungary	46,494	46,494	0
Italy	3,656,348	0	0
Japan	6,952,000	6,952,000	0
Slovak Republic	16,523	0	0
Sweden	233,553	203,113	80,000
Switzerland	244,763	489,527	0
USA	10,000,000	0	0
<b>Total</b>	<b>26,985,054</b>	<b>10,969,471</b>	<b>4,674,663</b>

30. Some bilateral agencies did not submit business plans. For example, France and Spain did not submit business plans but have submitted requests to the 42<sup>nd</sup> Meeting amounting to US \$1,085,000 and US \$800,000, respectively. France's request to the 42<sup>nd</sup> Meeting is part of an approved multi-year agreement. Also, additional funding may be provided to Sweden from annual tranches of multi-year agreements in Malaysia and Thailand for which the funding is currently earmarked for the World Bank. The funding indicated for Italy may be partially offset against the first annual tranche for China's methyl bromide consumption phase-out agreement that was approved for UNIDO.

**SECTION II: 2004 BUSINESS PLANS**

31. As mentioned in paragraph 12 above, the activities included in the business plans are firm for 2004 and less certain or tentative for 2005 and 2006. This section presents a summary of the activities planned for submission in 2004, a sectoral distribution for 2004 activities and the extent to which countries identified with a phase-out need are addressed in 2004.

**Summary of activities planned in 2004**

32. The total value of projects planned for submission in 2004 by the implementing agencies is US \$228.62 million that will lead to the phase-out of 50,986 ODP tonnes. Their plans include:



- 52 requests for 2004 funding tranches associated with ongoing multi-year performance based agreements amounting to US \$124.4 million (that represents a ODS phase-out when implemented of 41,746 ODP tonnes);
- 37 new multi-year performance based agreements amounting to funding of US \$29.98 million in 2004 from an estimated total of US \$106.04 million, with an associated ODS phase-out in 2004 of 6,226 ODP tonnes (from a total of 19,829 ODP tonnes);
- 33 individual investment projects that will be submitted in 2004 with a value of US \$41.99 million and an associated ODS phase-out in 2004 of 1,760 ODP tonnes including 5 projects that will result in the total phase-out of the sector or the substance;
- Refrigerant management plans at a cost of US \$8.9 million;
- Project preparation amounting to US \$1,481,103;
- Country programme update/RMP preparation at a cost of US \$119,900;
- Institutional strengthening projects and renewals at a cost of US \$8.21 million;
- Technical assistance projects at a cost of US \$5.36 million;
- Administrative budgets for the 2005 CAP at a cost of US \$7.59 million;
- Training at a cost of US \$581,750.

33. The total value of projects planned for submission in 2004 for projects emanating from the 3 year phase-out plan is US \$190.56 million that will lead to the phase-out of 49,559 ODP tonnes, and US \$38.07 million for projects to accelerate phase-out and/or maintain momentum pursuant to Decision 40/7 that will lead to the phase-out of 1,426 ODP tonnes in 2004 as shown in the following table:

Criterion	Agency	Country	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006
C2 low level of Halon Consumption	Germany	Kuwait	Halon Bank Management Plan	0		150	n/a	150	n/a
C3 Window LVC with RMP	IBRD	Antigua and Barbu.	CFC Phase-out plan	61	9.0	0	0.0	13.000	2.0
C3 Window LVC with RMP	UNDP	Bolivia	Refrigeration Commercial	120	5.8				
C3 Window LVC with RMP	UNIDO	Cameroon	Refrigeration, Domestic/Commercial	860	80.0	0	0.0	0	0.0
C3 Window LVC with RMP	UNDP	Laos	Foam Multiple-subsectors	150	16.0				
C3 Window LVC with RMP	Japan	Mongolia	RMP Update	149					
C3 Window LVC with RMP	UNEP	Mongolia	Refrigeration Training programme / workshop	81		0			
C3 Window LVC with RMP	Japan	Sri Lanka	National Compliance Action Plan	3,149					
C3 Window LVC with RMP	UNDP	Sri Lanka	Phaseout plan CFC phase out plan	218	29.6	160	21.8	100	13.6
C3 Window LVC with RMP	UNDP	Sri Lanka	Phaseout plan CFC phase out plan	26					
C3 Window LVC with RMP	UNEP	Sri Lanka	Refrigeration technical assistance	469	34.3	0	0.0		

Criterion	Agency	Country	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006
			/ support						
C3 Window LVC with RMP	UNEP	Uruguay	Refrigeration Technical assistance / support	170		0			
C3 Window LVC with RMP	Germany	Zimbabwe	Refrigeration - Terminal Phase out project	50	20.0	75	60.0	75	100.0
C4 Window with Approved Project Preparation	Japan	China	CFC refrigerant phase-out plan for the service sectors	641		3,772			
C4 Window with Approved Project Preparation	UNEP	China	Refrigeration Training programme / workshop	397	32.8				
C4 Window with Approved Project Preparation	Germany	India	Refrigeration Service sector Phase out plan	700	134.4	0	134.4	1,000	134.4
C4 Window with Approved Project Preparation	Switzerland	India	Refrigeration and Air Conditioning Service Sector Plan	245		490			
C4 Window with Approved Project Preparation	UNDP	India	Refrigeration Servicing management plan	333	28.0	333	28.0	333	28.0
C4 Window with Approved Project Preparation	UNEP	India	Refrigeration training programme / workshop	452	33.1	565	41.3	678	49.6
C4 Window with Approved Project Preparation	IBRD	Indonesia	Aerosol Phase-out Plan	237	50.0	0		0.000	
C4 Window with Approved Project Preparation	IBRD	Indonesia	Foam Phase-out Plan	1,158	100.0	1,493	129.3	578.888	50.0
C4 Window with Approved Project Preparation	UNEP	Morocco	Refrigeration Training programme / workshop	79	5.8	0	0.0		
C4 Window with Approved Project Preparation	UNEP	Morocco	Refrigeration Training programme / workshop	90	6.6	0	0.0		
C4 Window with Approved Project Preparation	IBRD	Pakistan	Refrigeration - multiple projects	1,211	345.0				
C4 Window with Approved Project Preparation	IBRD	Tunisia	Rigid Foam	98	12.0				
C5 Low level of residual consumption	IBRD	Argentina	Methyl Bromide Elimination	387	18.0				
C5 Low level of residual consumption	IBRD	Chile	Halon banking	65	40.0				
C5 Low level of residual consumption	IBRD	Chile	Methyl Bromide Elimination	1,540	70.0				
C5 Low level of residual consumption	UNIDO	China	MDI, Phase-out Plan	0	0.0	2,150	51.6	5,375	129.0
C5 Low level of residual consumption	UNIDO	Cuba	Fumigants, Terminal Phase-out	323	24.0	0	0.0	0	0.0
C5 Low level of residual consumption	IBRD	Ecuador	Methyl Bromide Elimination	688	32.0				
C5 Low level of residual consumption	UNDP	India	Aerosol Inhalant drug products	300	24.8				
C5 Low level of residual consumption	UNIDO	Morocco	Refrigeration, Domestic/Commercial	506	50.0	0	0.0	0	0.0
C5 Low level of residual consumption	UNIDO	Syria	ODS Phase-out plan	0		645	137.1	0	
C5 Low level of residual consumption	UNDP	Uruguay	MDI Conversion project	600	10.0				
C5 Low level of residual consumption	UNDP	Zimbabwe	Fumigant Methyl bromide	218	15.0	218	15.0	0	0.0
C5 Window with Approved Project Preparation	UNIDO	China	RMP	1,075	200.0	1,075	200.0	1,075	200.0
C6 Window for ODS Production Accelerated Phase-out	USA	China	Accelerate Closure of CFC and Halon Production	10,000					

Criterion	Agency	Country	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006
C6 Window for ODS Production Accelerated Phase-out	IBRD	China	Accelerated production phase-out	10,750					
PRP for Window	Germany	Angola	Halon Bank Management Plan	50		0		0	
PRP for Window	UNEP	Chad	Refrigeration Refrigerant Management Plan (development)	23					
PRP for Window	UNIDO	China	MDI, Project preparation	75		0		0	
PRP for Window	IBRD	China	Process Agents Phase-out project prep.	134					
PRP for Window	UNIDO	China	RMP preparation	54		0		0	
PRP for Window	Germany	Kuwait	Halon - Project Preparation/Technical Assistance	77	0.0	0		0	
PRP for Window	Japan	Mongolia	Preparation of RMP Update	34					
PRP for Window	UNDP	Zimbabwe	Fumigant Methyl bromide	26					

### Planned activities in 2004 by sector

34. Table 6 presents a summary of activities to be submitted in 2004 by sector. The table includes the value and phase-out by chemical for all activities. The table shows that most of the phase-out to be approved in 2004 is for CFCs (7,380 ODP tonnes) representing funding of about US \$50.98 million. US \$15.3 million has been allocated for CTC projects that if approved would lead to the phase-out of an estimated 694 ODP tonnes according to data in the business plans. Methyl bromide, TCA, halon and several substances comprise US \$12.7 million, US \$867,000, US \$369,000 and US \$22.17 million, respectively.

35. It should be noted that the activities summarized in Table 6 are additional to those associated with the implementation of the annual work programmes emanating from the approved multi-year agreements. The resources allocated to the 2004 funding tranches are US \$124.4 million for the phase-out of 41,746 ODP tonnes of ODS consumption and production.

Table 6

## SUMMARY OF NEW ACTIVITIES TO BE SUBMITTED IN 2004 BY SECTOR

Type	Chemical	Sector	Value in 2004 (US \$000)	ODP in 2004	
Investment	CFC	Aerosol	237	50	
		Aerosol, MDI	600	10	
		Foam	2,598	398	
		Multiple-Sectors	806	280	
		Phase-Out Plan	12,871	2,596	
		Production	6,000	1,800	
		Refrigeration	8,699	1,154	
	<b>CFC Total</b>			<b>31,810</b>	<b>6,289</b>
	CTC	Phase-Out Plan	44	4	
		Production	10,750	0	
		Solvent	2,889	581	
	<b>CTC Total</b>			<b>13,683</b>	<b>585</b>
	HAL	Halon	369	109	
	<b>HAL Total</b>			<b>369</b>	<b>109</b>
	MBR	Fumigant	11,072	510	
	<b>MBR Total</b>			<b>11,072</b>	<b>510</b>
	Several	Phase-Out Plan	129	9	
		Production	10,000	0	
		Several	3,149	0	
		Solvent	323	33	
<b>Several Total</b>			<b>13,600</b>	<b>42</b>	
TCA	Solvent	377	391		
<b>TCA Total</b>			<b>377</b>	<b>391</b>	
<b>Investment Total</b>			<b>70,911</b>	<b>7,925</b>	
Non-Investment	CFC	Aerosol	370	31	
		Phase-Out Plan	165	0	
		Refrigeration	10,801	768	
		Several	7,838	292	
	<b>CFC Total</b>			<b>19,174</b>	<b>1,091</b>
	CTC	Several	377	29	
		Solvent	1,242	80	
	<b>CTC Total</b>			<b>1,619</b>	<b>109</b>
	HCFC	Refrigeration	350	0	
	<b>HCFC Total</b>			<b>350</b>	<b>0</b>
	MBR	Fumigant	1,627	84	
	<b>MBR Total</b>			<b>1,627</b>	<b>84</b>
	Several	Several	8,460	0	
		Solvent	113	0	
	<b>Several Total</b>			<b>8,573</b>	<b>0</b>
TCA	Solvent	490	31		
<b>TCA Total</b>			<b>490</b>	<b>31</b>	
<b>Non-Investment Total</b>			<b>31,833</b>	<b>1,315</b>	
<b>Grand Total</b>			<b>102,744</b>	<b>9,240</b>	

**SECTION III: RESOURCE ALLOCATION**

36. The budget for the triennium 2003-2005 was decided by the Fourteenth Meeting of the Parties in the amount of US \$573 million (Decision XIV/39). The Financial Planning document (UNEP/OzL.Pro/ExCom/42/4) proposes a resource allocation for 2004 amounting to US \$237 million.

37. Table 7 presents by agency the funds required for new activities, approved multi-year agreements, and other funding of standard activities. It shows that, for example, bilateral cooperation in 2004 amounts to US \$26.99 million but an additional US \$1.9 million is budgeted for potential bilateral cooperation that was not submitted as part of business plans.

Table 7

## RESOURCE ALLOCATION AND 2004-2006 BUSINESS PLANS\* (US \$000s)

	IBRD			UNDP			UNEP			UNIDO			Bilateral			Total		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Planned New Activities	26,106	20,347	47,761	14,265	2,204	805	5,383	3,013	904	20,801	26,359	26,591	21,864	5,878	1,945	88,420	57,800	78,006
Approved Multiple Year	73,085	50,442	57,060	21,996	16,210	9,727				24,356	12,202	16,590	4,961	4,931	2,730	124,397	83,785	86,107
Institutional Strengthening	866	792	812	3,064	1,525	3,064	3,110	3,458	2,943	1,016	968	0	160	161	0	8,215	6,904	6,818
Secretariat ExCom Cost																3,799	3,951	4,109
UNEP CAP							7,590	7,894	8,210							7,590	7,894	8,210
Agency Core Unit	1,500	1,500	1,500	1,500	1,500	1,500				1,500	1,500	1,500				4,500	4,500	4,500
<b>Total</b>	<b>101,556</b>	<b>73,081</b>	<b>107,133</b>	<b>40,825</b>	<b>21,438</b>	<b>15,096</b>	<b>16,083</b>	<b>14,364</b>	<b>12,057</b>	<b>47,673</b>	<b>41,029</b>	<b>44,681</b>	<b>26,985</b>	<b>10,969</b>	<b>4,675</b>	<b>236,920</b>	<b>164,833</b>	<b>187,750</b>
Proposed Budget																237,000	178,000	N/A
Difference																80	13,167	

38. Table 7 also indicates that the planned value of all of the projects/activities in the 2004 and 2005 business plans can be accommodated under the proposed resource allocation indicated in the financial planning document with remaining un-allocated funds for the 2003-2005 triennium amounting to US \$13.2 million.

#### **SECTION IV: IMPLEMENTATION OF ONGOING ACTIVITIES AND COMPLIANCE**

39. This section addresses the implementation of ongoing activities and efforts by the implementing and bilateral agencies in addressing compliance needs of Article 5 countries.

##### **Implementation of ongoing activities**

40. Decision 38/66 urges Article 5 countries and their cooperating implementing agencies to accelerate the pace of implementation during the 2003-2005 timeframes.

41. Table 8 presents the ODS phase-out included in business plans for ongoing multi-year agreements as compared to the planned phase-out to be submitted for approval during the triennium. The table indicates that the major effort in terms of phase-out during this triennium is for the implementation of projects instead of the approval of new phase-out.

**Table 8**

#### **PROFILE OF ODS PHASE-OUT FROM ONGOING ACTIVITIES**

Agency	Phase-out from approved and committed activities				Phase-out planned (New Activities)*			
	2004	2005	2006	Total	2004	2005	2006	Total
Bilateral	310	263	134	707	625	729	424	1,778
UNDP	8,245	5,136	3,255	16,636	506	106	1,275	1,912
UNEP	65	23	22	110	198	89	125	412
UNIDO	6,674	13,224	8,275	28,173	2	2,339	2,432	4,773
World Bank	26,225	58,394	35,361	119,980	1,867	3,141	6,574	11,582
Total	41,519	77,040	47,047	165,606	3,198	6,404	10,830	20,457

\*Excluding phase-out for halon.

42. The business plans indicate that 165,606 ODP tonnes would be phased out from the approved and ongoing activities. Agencies indicated that an additional 56,798 ODP tonnes would be phased out after 2006. Implementing agencies provided sections in their business plans on expediting project implementation as well as a country-by-country review of their efforts to implement ongoing projects.

##### **Compliance**

43. Compliance matters were addressed during the Inter-Agency Coordination Meeting in early February 2004. Each country found to be in non-compliance was discussed in terms of

existing approvals and planned activities required to bring countries back into compliance. Agencies indicate in their business plans their planned activities with regard to those countries found to be in non-compliance. Their business plans also address the status of activities in all Article 5 countries with particular attention to those found to be in non-compliance. For most countries with very low consumption requirements, the CAP will provide special CAP services to assist many of these countries where investment projects may not be warranted as well as assistance in data reporting. UNDP and UNIDO will also provide policy and data reporting assistance in countries where they have institutional strengthening projects as well as other countries. The World Bank is monitoring its task managers planned and actual assistance provided to Governments where it has activities.

## **SECTION V: PERFORMANCE INDICATORS**

44. Decision 41/93 established a new set of performance indicators for implementing agencies. Implementing agencies provided targets for these new performance indicators in their business plans. The decision also requested implementing agencies to propose qualitative performance indicators as part of their 2004 business plans to be submitted to the 42nd Meeting and to continue to consider the possibility of performance indicators for National Ozone Units. The World Bank proposed new indicators in its business plan that, while quantifiable, can be used to assess the level of support it was providing countries in which it had activities. Those indicators include:

- the number of planned missions in 2004 (including the number of people participating in missions, the length of missions, number of cities visited, number of project visited, and the extent of government involvement);
- planned training for National Ozone Units and financial intermediaries, where applicable;
- planned reviews of compliance needs and discussions on potential policy issues.

45. All implementing agencies have indicated in their business plans their planned efforts to assist countries in achieving compliance. UNEP included in its business plan, its expected missions to Article 5 countries and its special CAP services to assist countries with compliance needs. It also indicated the extent to which its activities supported those of other agencies.

46. The Executive Committee may wish to consider requesting the implementing agencies and the Secretariat to further consider the proposals on qualitative performance indicators and propose such indicators as part of their 2005 business plans.

## **SECTION VI: OBSERVATIONS ON THE BUSINESS PLANS**

47. The business plans address all of the phase-out needs identified in the 3-year phase-out plan to be achieved to enable Article 5 countries achieve their control measures up to and including the control measures for 2007. All phase-out not specifically covered by projects or activities in the business are either not eligible for funding or are addressed through special CAP initiatives.



48. The resource allocation for 2004 and 2005 can accommodate all of the activities identified in the business plans including US \$38 million of activities for accelerated phase-out/maintaining momentum. A surplus of US \$13 million is available for additional activities in 2005 that have not yet been identified.

49. As indicated in the comments on the individual business plans, there remain some activities that may be overlapping with other approved projects and other planned projects in the business plans. Once resolved, these overlaps may provide additional resources for projects not included in the business plans if projects are approved at levels below those indicated in the plans and additional bilateral activities not foreseen in the business plans are not submitted.

50. To achieve compliance in all Article 5 countries, implementing agencies will need to take measures to expedite project implementation since agencies need to phase-out 165,606 ODP tonnes from approved projects and ongoing multi-year agreements.

### **Recommendations**

The Executive Committee may wish to:

1. Note the Consolidated 2004-2006 Business Plan of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/42/3.
2. Request the implementing agencies and the Secretariat to further consider the proposals on qualitative performance indicators and propose indicators as part of their 2005 business plans.



## Annex I

## NEW MULTI-YEAR ACTIVITIES

Country	Agency	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006	Value (\$000) After 2006	ODP After 2006
Algeria	UNIDO	Refrigeration, Terminal Umbrella commercial	430	35.2	548	44.8	0	0.0	0	0.0
Algeria	Germany	Terminal CFC Phase out Management Plan	200	75.5	0	75.5	200	75.5		
Antigua and Barbu.	IBRD	CFC Phase-out plan	61	9.0	0	0.0	13.000	2.0		
Argentina	UNIDO	CFC Phase-out plan	3,010	802.7	2,634	702.3	2,301	613.7	0	0.0
Bangladesh	UNDP	Phaseout plan CFC phase out plan	401	36.0	658	77.5	372	108.5	197	52.3
China	Japan	CFC refrigerant phase-out plan for the service sectors	641		3,772					
China	UNIDO	Fumigants, Phase-out plan (incl. Production)	1,613	207.7	1,613	207.7	5,375	692.3	5,375	692.3
China	UNIDO	MDI, Phase-out Plan	0	0.0	2,150	51.6	5,375	129.0	3,225	77.4
China	IBRD	Process Agents Phase-out Plan (Phase II)	0	0.0	10,750	1,000.0	32,250	4,500.0		
China	UNIDO	RMP	1,075	200.0	1,075	200.0	1,075	200.0	0	0.0
Cuba	Germany	Refrigeration - Terminal Phase out Management Plan	200	75.0	200	75.0	200	75.0		
Cuba	Canada	Refrigeration - TTMP	400	32.0	400	32.0	100	10.0		
Egypt	UNIDO	ODS Phase-out plan	538	109.3	1,075	218.6	538	109.3	1,613	327.9
Egypt	UNIDO	ODS Phase-out plan	129	8.6	323	21.4	0	0.0	0	0.0
Guatemala	UNIDO	Fumigants, Phase-out plan	0	0.0	1,075	98.2	2,434	222.4	0	0.0
India	UNIDO	Fumigants, Phase-out plan	215	20.0	0	0.0	860	80.0	0	0.0
India	Switzerland	Refrigeration and Air Conditioning Service Sector Plan	245		490					
India	Germany	Refrigeration Service sector Phase out plan	700	134.4	0	134.4	1,000	134.4		
India	UNDP	Refrigeration Servicing management plan	333	28.0	333	28.0	333	28.0	0	0.0
India	UNEP	Refrigeration training programme / workshop	452	33.1	565	41.3	678	49.6		
India	UNEP	Solvents technical assistance / support	113		226		226			
Indonesia	IBRD	Foam Phase-out Plan	1,158	100.0	1,493	129.3	578.888	50.0	579	50.0
Indonesia	UNIDO	Solvents, Phase-out Plan	323	33.3	323	33.3	323	33.3	0	0.0
Iran	UNIDO	Solvents, CTC	538	360.0	2,150	1,440.0	0	0.0	0	0.0
Iran	UNIDO	Solvents, TCA	323	386.8	0	0.0	0	0.0	0	0.0
Lebanon	UNDP	Phaseout plan CFC phase out plan	229	30.0	153	20.0	0	0.0	0	0.0
Lebanon	Germany	Refrigeration - TPMP-training component (lead by UNDP)	130	16.0	130	16.0	140	17.0		
Malaysia	Sweden	Assist the Government of Malaysia to Phase-out non-CFC Solvents	N/A		N/A		N/A			

Country	Agency	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006	Value (\$000) After 2006	ODP After 2006
Malaysia	Sweden	Assist the Government of Malaysia with issues related to the phase-out of refrigerants in the MAC sector	N/A		N/A		N/A			
Mexico	UNIDO	CFC Phase-out plan	3,781	669.8	5,351	948.1	322	57.0	0	0.0
Philippines	IBRD	Fumigants Phase-out plan	151	7.0	-	-	559	26.0		
Romania	UNIDO	CFC Phase-out Plan, Aerosol & Refrigeration	538	75.0	0	0.0	323	45.0	0	0.0
Romania	Sweden	National CFC Phase-Out Plan for the Servicing Sector	65		90		40			
Romania	UNIDO	Process Agents, Terminal Umbrella	0	0.0	753	116.7	538	83.3	0	0.0
Romania	UNIDO	Production, CFC/CTC/MBR-closure	0	0.0	1,613	300.0	538	100.0	0	0.0
Serbia & Montenegro	UNIDO	CFC Phase-out Plan	0	0.0	538	86.4	645	103.6	0	0.0
Serbia & Montenegro	Sweden	National CFC Phase-Out Plan for the Servicing Sector	100		90		40			
Sri Lanka	UNDP	Phaseout plan CFC phase out plan	218	29.6	160	21.8	100	13.6	0	0.0
Sri Lanka	UNDP	Solvent Sectoral phaseout plan	527	40.9	55	4.2	0	0.0	0	0.0
Sri Lanka	UNDP	Solvent Sectoral phaseout plan	55	3.9	0	0.0	0	0.0	0	0.0
Sudan	UNIDO	CFC Phase-out Plan	538	96.2	538	96.2	323	57.7	0	0.0
Syria	Germany	Fumigant - MeBr Phase out	0		0		0			
Thailand	Sweden	Assist the Government of Thailand to Phase-out non-CFC Solvents	N/A		N/A		N/A			
Thailand	IBRD	Fumigants Phase-out plan	1,570	73.0			710	33.0	2,129	99.0
Venezuela	UNIDO	CFC Phase-out plan	2,037	571.8	1,754	492.4	2,227	625.1	690	193.7
Venezuela	IBRD	Production CFC closure (4)	6,000	1,800.0	6,000	1,800.0	12,500	1,831.0		
Vietnam	IBRD	CFC Phase-out plan	358	37.0	0	0.0	358	37.0	561	58.0
Vietnam	IBRD	Methyl Bromide phase-out plan			814	37.0	792	36.0	792	36.0
Yemen	UNIDO	CFC Phase-out plan	323	54.4	323	54.4	215	36.3	0	0.0
Zimbabwe	UNDP	Fumigant Methyl bromide	218	15.0	218	15.0	0	0.0	0	0.0
Zimbabwe	Germany	Refrigeration - Terminal Phase out project	50	20.0	75	60.0	75	100.0		
<b>Total</b>			<b>29,980</b>	<b>6,226.0</b>	<b>50,504</b>	<b>8,679.0</b>	<b>74,675</b>	<b>10,314.7</b>	<b>15,160</b>	<b>1,586.5</b>

## Annex II

**APPROVED MULTI-YEAR PROJECTS  
(INCLUDING AGENCY FEES)  
(US \$000)**

Agency	Country	Sector	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
UNIDO	Albania	ODS Phase-Out							195	185	78	45	24	24	24	
UNEP	Albania	CFCs Phase-Out							133							
UNIDO	Algeria (4)	Refrigerant Management Plan						226	753	564						
UNDP	Argentina	Methyl Bromide (Tobacco)						1,919	502	502	502	502				
IBRD	Argentina (7)	Production CFCs						520		3,700	420	2,100	120	1,120	1,047	
IBRD	Bahamas (7)	CFCs Phase-Out					271			226	136					
Canada	Bolivia (4)	Refrigerant Management Plan						254	330							
UNIDO	Bosnia and Herzegovina	ODS Phase-Out							285	318	326					
UNDP	Brazil (8)	CFCs Phase-Out						8,548	6,220	4,313	3,099	1,282	934	263	105	
Germany	Brazil (8)	CFCs Phase-Out						629	1,922		1,417	266				
UNIDO	China	Domestic Refrigeration Manufacturing						3,699	2,364							
Italy	China	Domestic Refrigeration Manufacturing						1,950								
IBRD	China	Process Agent						2,150	21,500	17,200	2,150	17,200	5,375	3,225	1,075	
IBRD	China	Production CFCs			21,800	14,170	14,170	13,910	13,975	13,975	13,975	13,975	13,975	13,975	13,975	
UNDP	China	Solvent				7,425	7,651	6,963	6,187	5,972	6,106	5,434	5,891	1,591	1,591	1,591
UNIDO	China	Tobacco					2,180	2,180	2,150	1,935	1,828	1,613				
IBRD	China (3)	Foam					10,827	13,685	11,864	11,864	3,603	2,917	1,926	1,926		
IBRD	China (3)	Halon	13,640	10,670	11,660	4,950	4,070	6,343	1,290	1,935	12,255	430	323	108		
UNDP	Colombia	ODS Phase-Out							2,308		2,530					
UNDP	Costa Rica (1)	Methyl Bromide					1,355			2,083	1,042	781				
UNIDO	Croatia	CFCs Phase-Out							198	52	38	11	5	5		
Sweden	Croatia	CFCs Phase-Out							49	27	23					
IBRD	Ecuador (6)	CFCs Phase-Out							836		472	244	244	20		
UNDP	India	Foam						1,631	1,904	1,631	491	245				
IBRD	India	Production CFCs			12,960	11,880	11,880	6,480	6,450	6,450	6,450	6,450	6,450	6,450	6,450	
UNDP	India	Refrigeration Manufacturing						2,173	520	272	163	65				
UNIDO	India	Refrigeration Manufacturing						565	192							
IBRD	India (5)	CTCs Phase-Out (Consumption							9,160	9,869	4,191	10,702	4,323	3,453	3,453	

Agency	Country	Sector	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
		and Production)														
Germany	India (5)	CTCs Phase-Out (Consumption and Production)								758	758	358	358			
France	India (5)	CTCs Phase-Out (Consumption and Production)								1,085	1,085	585	585			
Japan	India (5)	CTCs Phase-Out (Consumption and Production)								2,780	2,780					
IBRD	Indonesia	Refrigeration MAC Servicing						1,492	1,467	1,467	137	136				
UNDP	Indonesia	Refrigeration Manufacturing						1,400	2,394	1,919	818	237	197			
UNDP	Indonesia	Refrigeration Servicing						2,392	1,967	543	271	173				
Germany	Iran	CFCs Phase-Out (Foam, MAC Training, Management)							770	1,051	532	1,118	1,022	810	797	
France	Iran	CFCs Phase-Out (MAC R&R)							1,117		555					
UNIDO	Iran	CFCs Phase-Out (Ref.Servicing/Assembly/Solvents)							389	2,262	798	71	39	29		
UNDP	Iran	CFCs Phase-Out (Refrigeration Manufacturing)								828						
UNEP	Iran	CFCs Phase-Out (Regulation)							158							
UNDP	Kenya	Methyl Bromide (Cut Flowers)						577		329		220				
Germany	Kenya	Methyl Bromide (Horticulture)							325	195		130				
UNIDO	Korea, DPR	CTCs Phase-Out							3,763	1,075	323	538	306	108		
UNIDO	Korea, DPR	Refrigeration Domestic							413	1,055						
UNIDO	Korea, DPR (7)	Production					1,412			770	513					
UNIDO	Lebanon	Methyl Bromide (Strawberries)					396	477	484	376	269					
UNDP	Lebanon	Methyl Bromide (Vegetable/Tobacco/Cut Flower)					898	676	538	430	323					
Germany	Lesotho	ODS Phase-Out							85	40	20					
UNIDO	Libya	CFCs Phase-Out							1,613		774	299				
UNDP	Malawi (2)	Methyl Bromide				452	1,120		806	914						
IBRD	Malaysia	CFCs Phase-Out					1,940	3,228	2,182	1,831	1,310	1,099	298	298	298	
Germany	Mauritius	ODS Phase-Out							124	70	45					
UNIDO	Mexico	Production CFCs							5,698	11,503	4,300	12,739				
UNIDO	Morocco (1)	Methyl Bromide					452			1,275	1,275	1,275				
Germany	Namibia	CFCs Phase-Out							181		105					
UNDP	Nigeria	CFCs Phase-Out						5,463	3,242	2,261	866	531	418	369	121	
UNIDO	Nigeria	CFCs Phase-Out						765	288							

Agency	Country	Sector	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
UNIDO	Pakistan	CTCs Phase-Out							1,290	1,398	272					
UNIDO	Pakistan	RMP							205	574	445					
Germany	Papua New Guinea	CFCs Phase-Out							540			247				
IBRD	Philippines	CFCs Phase-Out						3,107	2,038	2,346	3,122	359	116			
Sweden	Philippines	CFCs Phase-Out (Servicing Sector)						164	179	42						
UNIDO	Syria (2)	Methyl Bromide					339		378	262	203					
IBRD	Thailand	CFCs Phase-Out					567	5,654	4,365	1,428	1,445	925	597	597	418	
UNDP	Trinidad and Tobago	CFCs Phase-Out							237			258				
IBRD	Turkey	CFCs Phase-Out					3,795	2,675	1,150	795	780	530	30	30	25	
UNIDO	Turkey (2)	Methyl Bromide					1,120		1,075	753	762					
<b>Total</b>			<b>13,640</b>	<b>10,670</b>	<b>46,420</b>	<b>38,877</b>	<b>64,441</b>	<b>101,895</b>	<b>130,745</b>	<b>125,484</b>	<b>86,175</b>	<b>86,087</b>	<b>43,555</b>	<b>34,401</b>	<b>29,379</b>	<b>1,591</b>

(1) 2002 and 2003 Tranches were not approved, yet, therefore they were postponed to 2004 and thereafter.

(2) Approval in 2003 was for 2002 Tranche.

(3) Funds for the implementation of the annual programme for any given year will be provided at the last meeting of the Executive Committee in the preceding year. (Note: Advanced approval by one year).

(4) Multi-Year project approved without and agreement with the Executive Committee.

(5) According to the Agreement with the Executive Committee.

(6) Funds will be considered for approval at the first meeting of the year of the annual implementation programme, except for the 2004 annual implementation programme which is submitted for approval at the last meeting of the preceding year (41st Meeting).

(7) 2003 Tranche was not approved, yet, therefore it was postponed to 2004.

(8) 2004 Tranche was included in the amount for the 2003 Tranche.

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