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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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UNIDO BUSINESS PLAN FOR THE YEARS 2007-2009

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. UNIDO's 2007-2009 business plan is contained in Annex I to this document.
2. This document presents a summary of UNIDO's planned activities for the phase-out of ozone depleting substances (ODS) during the 2007-2009 triennium. It also sets out UNIDO's business plan performance indicators, general comments and recommendations for consideration by the Executive Committee.

Planned activities 2007-2009

3. The business plan is a rolling three-year business plan. Most of the detail provided is for 2007. There is less information with regard to commitments for activities in 2008 and 2009, except for those associated with existing multi-year agreements (MYAs).

Planned activities for 2007

4. In 2007 the total value of projects planned for submission by UNIDO is US \$32.36 million (including support costs) leading to the phase-out of 3,919 ODP tonnes. The plan includes:

- (a) Twenty ongoing multi-year performance-based agreements for sector and substance phase-out amounting to US \$13.38 million that will lead to an ODS phase-out of 2,824 ODP tonnes when implemented;
- (b) Twelve new multi-year performance-based agreements with a total value of US \$11.89 million in 2007 (US \$34.03 million in total for the triennium) with an associated ODS phase-out in 2007 of 970 ODP tonnes (2,316 ODP tonnes in total for the triennium);
- (c) Five individual investment projects with a total value of US \$1.7 million;
- (d) Preparation of country programmes and terminal phase-out management plans (TPMP) amounting to US \$65,400;
- (e) Project preparation amounting to US \$478,675;
- (f) Thirty-nine technical assistance projects amounting to US \$2.23 million;
- (g) Four institutional strengthening projects at a cost of US \$826,832; and
- (h) Core unit costs of US \$1.804 million.

Planned activities for 2008

5. In 2008 UNIDO plans to submit projects valued at US \$50.05 million with an associated phase-out of 3,307 ODP tonnes. This includes US \$9.59 million for ongoing MYAs and US \$1.86 million for core unit costs.

Planned activities for 2009

6. In 2009 UNIDO plans to submit projects valued at US \$61.25 million with an associated phase-out of 5,331 ODP tonnes. This includes US \$2.77 million for ongoing MYAs and US \$1.91 million for core unit costs.

Resource allocation

7. Table 1 presents a summary of the resource allocation in UNIDO's 2007-2009 business plan.

Table 1

RESOURCE ALLOCATION (in US \$000)

	2007	2008	2009
Required for compliance			
Approved multi-year agreements	13,375	9,592	2,771
Core unit costs of the implementing agencies	1,804	1,858	1,913
Institutional strengthening	827	468	1,193
Audits/Studies	22	0	0
CFC activities	2,623	2,150	0
CTC activities	1,322	0	0
Methyl bromide activities	0	55	0
Metered-dose inhaler (MDI) activities	4,300	5,590	5,375
Methyl chloroform (TCA) activities	215	0	0
TPMP activities	1,811	1,069	0
Sub-total (Required for compliance)	26,299	20,782	11,252
Not required for compliance			
Currently not eligible/Non-Party	0	2,731	1,075
Disposal of ODS	0	2,419	22,360
Halon not required by model	109	0	0
HCFC – investment project	0	9,783	22,145
HCFC - manufacturing/servicing	0	0	538
HCFC – investment project preparation	0	645	0
HCFC - Surveys/Strategies	1,412	0	0
Methyl bromide - Accelerated phase-out	3,040	8,780	3,175
Methyl bromide without Copenhagen Amendment	0	75	701
MDI	1,014	4,838	0
MDI – Strategies	491	0	0
Sub-total (Not required for compliance)	6,064	29,270	49,994
Total	32,363	50,051	61,246

8. UNIDO is seeking funding amounting to US \$32.36 million in 2007. In UNIDO's business plan, US \$26.3 million is for activities required for compliance according to the compliance oriented model and US \$6.1 million is for activities not required for compliance. Most of UNIDO's 2007 allocation is for annual tranches of approved MYAs (US \$13.4 million).

For 2008 and 2009, most of the activities in UNIDO's business plan are not required for compliance. Moreover, the level of expected funding increases from US \$32.36 million in 2007 to US \$50.1 million in 2008 and to US \$61.2 million in 2009. UNIDO specified an amount of US \$87.7 million for activities after 2009, most of which will be directed towards HCFCs and ODS disposal.

Implementation and compliance assistance

9. In its 2007-2009 business plan UNIDO included a section on initiatives to ensure compliance supported by a descriptive annex organized by country. UNIDO indicated that once per year, it visits each National Ozone Unit (NOU) where it has ongoing stand-alone projects. UNIDO regularly attends regional network meetings and associated workshops and has deployed staff to strengthen its representation to regional field offices. UNIDO's directors in regional and national offices are briefed regularly by the Montreal Protocol unit.

10. During the 2007-2009 triennium, UNIDO plans to phase out 10,765 ODP tonnes from ongoing projects and MYAs. In addition, UNIDO indicated that 1,041 ODP tonnes will be phased-out through projects that will be submitted for approval during the triennium.

Compliance

11. The business plan addresses the assistance that UNIDO will provide to countries in non-compliance and in potential non-compliance. Specifically, it covers UNIDO's assistance to the Democratic Republic (DR) of Congo, Guatemala, the Islamic Republic of Iran, Mexico, Pakistan and Serbia in 2007. UNIDO has prepared a solvent sector activity for DR Congo to address its non-compliance with CTC and TCA control measures (as per decision XVIII/21 of the Meeting of the Parties). It is implementing the first phase of the methyl bromide project in Guatemala and expects to submit the second phase for funding in 2007. These activities should assist Guatemala to comply with its revised plan of action (decision XVIII/26). It is also preparing projects to address non-compliance with CTC control measures in the Islamic Republic of Iran (decision XVIII/27), Mexico (decision XVIII/30) and Serbia (decision XVIII/33). A project that addresses methyl bromide in Serbia (also a baseline issue, referred to in decision XVIII/33) is expected to be submitted in 2007.

General comments

12. These general comments concern those activities not required for compliance according to the compliance oriented model, as well as potential project overlaps.

Activities not required for compliance

13. Activities not required for compliance are listed in Table 1 above according to the value of the requests for 2007, 2008 and 2009.

Currently not eligible/Non-Party

14. This category includes activities that are currently not eligible for project preparation or investment projects. It includes bromochloromethane (BCM) activities in Turkey and South Africa, as well as project preparation and funding for a national ODS phase-out plan for Iraq (US \$2.258 million). Once countries become Parties to the Montreal Protocol they are eligible

for funding. The BCM uses as non-process agents are still under consideration by the Technical and Economic Assessment Panel (TEAP). All of these activities are in the 2008 business plan. For this reason, the Committee may wish to maintain them in the 2008 business plans pending further actions by the concerned Parties.

ODS disposal technologies

15. UNIDO received requests for the preparation of pilot regional or individual ODS destruction demonstration projects from the following Article 5 countries: regional ODS waste disposal project for Africa covering Algeria, Cameroon, Congo DR, Egypt, the Libyan Arab Jamahiriya, Morocco, Nigeria, Senegal, Sudan and Tunisia; regional ODS waste disposal project for Jordan and the Syrian Arab Republic; regional ODS waste disposal project for Kuwait, Oman, Qatar, Saudi Arabia, Yemen; regional ODS waste disposal project for Europe covering Albania, Bosnia and Herzegovina, Croatia, Georgia, Kyrgyzstan, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia; and individual ODS waste disposal projects for Argentina, Chile, China, India, Indonesia, the Islamic Republic of Iran, the Democratic People's Republic of Korea, Mexico, Pakistan, Turkey and the Bolivarian Republic of Venezuela.

16. Based on decision 48/8, the Executive Committee specifically removed ODS destruction activities from UNIDO's business plan. UNIDO has therefore taken note that HCFC investment and ODS destruction activities need to be postponed to the out-years of the 2007-2009 business plans. However, it notes that should the Executive Committee consider these activities to be priorities, UNIDO's regional pilot project on ODS waste destruction in Africa and Europe, as well as HCFC investment activities (including project preparation) that are now in the 2008-2009 business plan, could be advanced into UNIDO's 2007 business plan. The Executive Committee may wish to remove these activities from UNIDO's business plans for the years 2007 and 2008, as appropriate, and consider this matter in the context of priorities for the remaining funds in the budget for the 2006-2008 triennium during its consideration of the Consolidated Business Plan (UNEP/OzL.Pro/ExCom/51/6).

HCFC activities

17. UNIDO is planning to prepare surveys on the use and the possibility of phasing out the use of HCFCs, as soon as funds are made available by the Multilateral Fund. UNIDO received requests for preparation of HCFC surveys/strategies in 21 countries and requests for 29 HCFC investment projects in 2008-2009. The agency included these surveys in its 2007 business plan even though the Executive Committee specifically withdrew them from UNIDO's 2006 business plan until the first meeting of 2008 (decision 48/8(a)(v)). It also included 21 investment projects in its business plan for 2008 with a total value of US \$9.8 million. At its 48th Meeting, the Executive Committee removed HCFC investment projects from UNDP's 2008 business plan (decision 48/6(b)(iv)). The Executive Committee may wish to consider HCFC activities taking into account its consideration of priorities for the remaining funds in the budget for the 2006-2008 triennium in the context of its consideration of the consolidated business plan (UNEP/OzL.Pro/ExCom/51/6) and on the basis of this to decide for which year these activities can be included in line with decisions 48/8(a)(v) and decision 48/6(b)(iv).

Halon not required by model

18. The latest consumption of halons in Kuwait and Morocco are zero and there is no halon banking project approved for either country. UNIDO notes that project preparation has already been approved by the Executive Committee for technical assistance projects only without an investment component. Kuwait has a baseline of three ODP tonnes and Morocco has a baseline of seven ODP tonnes. Further to decisions 18/22 and 44/8, the Executive Committee can allow halon banking projects for countries with zero baselines as well as those with a low-level of installed capacity.

Methyl bromide (Accelerated phase out)

19. During 2007-2009, UNIDO has included US \$15 million for methyl bromide projects (including project preparation) for countries that have already received support from the Multilateral Fund to enable their compliance with the 20 per cent reduction of the 2005 baseline. The projects include the following:

- (a) Project preparation for Mexico, Morocco and Sudan in 2007;
- (b) Methyl bromide phase-out multi-year projects for Mexico and Morocco in 2007;
- (c) Methyl bromide technical assistance for Sudan in 2007;
- (d) Methyl bromide phase-out/investment projects for Algeria, Egypt and Guatemala in 2008; and
- (e) Methyl bromide phase-out projects for Argentina and Turkey in 2009.

20. UNIDO has included project preparation and projects submission for countries that have not yet ratified the Copenhagen Amendment, namely Ethiopia and Zambia, for 2008 and 2009 amounting to a total of US \$776,250. These projects were placed in the out-years of the business plan in anticipation of their possible ratification of the Copenhagen Amendment.

21. The Executive Committee agreed to maintain activities for accelerated methyl bromide reduction in the 2006-2008 triennium in light of compliance needs and commitments to significantly advance a country's methyl bromide phase-out before the year 2015 (decision 48/8). Also at its 48th Meeting, the Executive Committee agreed to maintain in the business plans for 2006-2008 for the World Bank, a methyl bromide project for a country that had already received assistance to meet its 2005 control measures. This was conditional upon a commitment by the government concerned to accelerate its methyl bromide phase-out (decision 48/9).

22. The Executive Committee may wish to consider if more information is needed on the extent to which UNIDO's activities planned for 2007 would accelerate the methyl bromide phase-out in countries in advance of the submission of proposals, and in the light of its consideration of priorities for the remaining funds in the budget for the 2006-2008 triennium during discussions on the consolidated business plan (UNEP/OzL.Pro/ExCom/51/6).

23. According to UNIDO, the TPMPs that are to be prepared as part of the 2007 business plan in Guinea and Myanmar will not address methyl bromide as these countries have not ratified the Copenhagen Amendment, and no information is available on methyl bromide consumption. After ratification, UNIDO would be ready to prepare a separate proposal for the phase-out of methyl bromide. The Executive Committee may wish to consider requesting implementing agencies to investigate the need for methyl bromide activities for countries with low volumes of methyl bromide consumption in the context of its preparation of the TPMPs for LVCs regardless of the status of ratification of the Copenhagen Amendment.

Metered-dose inhalers (MDI)

24. The compliance oriented model includes MDI activities for countries that have remaining funding eligibility for CFC projects according to decision 35/57 and for those Article 5 countries that manufacture CFC MDIs. The Committee can approve, on a case-by-case basis, up to US \$30,000 for the preparation of a transitional strategy for CFC-based MDIs in LVCs where the need for a strategy had been fully demonstrated and documented. UNIDO has included MDI transitional strategies for countries without production facilities from which government requests have been received.

25. UNIDO's business plan contains 14 MDI transitional strategies at a cost of US \$30,000 each (plus agency fees) for countries that have already received projects to address their remaining CFC consumption. However, none of these countries have demonstrated and documented the need for such a strategy. UNIDO has also included a MDI strategy for a country (Oman) where a TPMP is under preparation. These activities might be considered for funding once there is a demonstrated and documented need (decision 45/54(e)).

26. With respect to the MDI phase-out investment projects and project preparation in Jordan, Mexico, Pakistan and the Bolivarian Republic of Venezuela, the agreements with the Executive Committee address all CFC consumption. Therefore, based on decision 35/57, there is no remaining funding eligibility for these activities.

27. The Executive Committee may wish to maintain MDI strategies for countries with TPMPs approved before the 45th Meeting and for the all others where a need is demonstrated and documented consistent with decision 45/54(e). It may also wish to consider other MDI activities based on its consideration of *Options for addressing the situation of countries referred to in decision XVII/14 of the Seventeenth Meeting of the Parties* (follow-up to decision 49/33) (UNEP/OzL.Pro/ExCom/51/39), decision XVIII/16 on difficulties faced by some Article 5 Parties manufacturing metered-dose inhalers which use CFCs, and priorities for the remaining funds in the budget for the 2006-2008 triennium in the context of its consideration of the consolidated business plan (UNEP/OzL.Pro/ExCom/51/6).

Project preparation in Algeria

28. UNIDO has included a project preparation activity in its business plan for Algeria, to assist it to prepare an ODS phase-out plan. UNIDO has already received US \$25,000 to prepare the plan, but is now requesting more preparation funds for the phase-out plan. UNIDO notes that the original project preparation was approved to address only the residual CFC consumption in Algeria. At that time Germany was responsible for the preparation of the CFC phase-out plan. Because UNIDO is preparing a complete ODS phase-out plan including all CFC, CTC, and TCA

uses, additional project preparation funding would be required. The Secretariat has raised this issue in the context of UNIDO's 2007 work programme (UNEP/OzL.Pro/ExCom/51/22).

Areas of possible overlap with UNDP

29. The Secretariat has identified areas of possible overlap between UNIDO and UNDP. Specifically, there is overlap in MDI activities with respect to Pakistan and a possible overlap for HCFC activities in Nigeria. Further, there are instances of possible overlaps in terms of ODS disposal affecting India and Indonesia. The Executive Committee may wish to request that UNIDO report to the 51st Meeting on the resolution of these areas of potential overlap. Following the submission of its business plan, UNIDO informed the Fund Secretariat that it would like to remove HCFC activities in China, disposal of ODS in Indonesia, and the MDI phase-out project in Pakistan from its business plan. UNIDO also agreed to move its HCFC investment activities to beyond 2008.

Request for letters from countries with activities in the 2007-2009 business plan

30. The Secretariat has asked for letters for countries with activities in the 2007-2009 business plans. With the exception of those activities that already have approved project preparation, letters have either been provided or UNIDO has advised they are forthcoming.

Performance indicators

31. A summary of UNIDO's performance indicators pursuant to decision 41/93, 47/51 and 49/4(d) is provided in Table 2.

Table 2

PERFORMANCE INDICATORS

Item	2007 Target
Number of annual programmes of multi-year agreements approved versus those planned	20
Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved versus those planned	6
Milestone activities completed/ODS levels achieved for approved multi-year annual tranches versus those planned	16
ODS phased-out for individual projects vs. those planned per progress reports	358.2
Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects versus those planned in progress reports	20
Number of policy/regulatory assistance completed versus that planned	11
Speed of financial completion versus that required per progress report completion dates	12 months after operational completion
Timely submission of project completion reports versus those agreed	On time
Timely submission of progress reports and responses unless otherwise agreed	On time

32. UNIDO set a target of 20 for the number of annual tranches that would be submitted in 2007 as indicated above and in UNIDO's business plan narrative. However, the data in UNIDO's business plan spreadsheet indicates that it will submit annual tranche funding for 20 approved agreements and 12 new agreements in 2007 for a total of 32 annual tranches to be submitted in 2007. For consistency with the other agencies, UNIDO's target for the number of annual programmes approved should be 32.

33. UNIDO specified in its business plan spreadsheet that several projects were multi-year projects although the Secretariat does not consider them MYAs because they are fully funded in one approval rather than in multiple annual tranches. UNIDO also classified several projects as individual although the Secretariat considered them as multi-year projects. For this reason, UNIDO's business plan database has been modified for consistency with other agencies prior to its inclusion in the consolidated business plan.

34. UNIDO set a target of six for the number of individual projects approved in 2007. However, the data in UNIDO's business plan indicated that it will submit 44 individual projects (including 39 technical assistance and five investment projects). For consistency with the other agencies, UNIDO's target for the number of individual projects approved should be 44.

35. UNIDO's target for the number of milestone activities completed/ODS levels achieved for multi-year annual tranches is 16. Since this indicator applies to all approved multi-year tranches of agreements, UNIDO's target for milestone activities completed should be 20.

36. Similarly, UNIDO set a target of 358.2 ODP tonnes as the performance indicator for the volume of ODS to be phased out from individual projects. However, its business plan spreadsheet indicates that UNIDO would phase out 346.2 ODP tonnes from approved and ongoing individual activities in 2007, based on the Fund Secretariat's classification of individual projects. Therefore, for consistency with the other agencies, the phase-out target should be 346.2 ODP tonnes.

37. UNIDO has set a target of providing policy assistance to ten countries in 2007. Those countries are Albania, Bosnia and Herzegovina, the Democratic Republic of the Congo, Egypt, Guatemala, the Islamic Republic of Iran, The Former Yugoslav Republic of Macedonia, Mexico (two policies), Pakistan and Serbia.

RECOMMENDATIONS

38. The Executive Committee may wish to consider:

- (a) Endorsing the 2007-2009 business plan of UNIDO as contained in UNEP/OzL.Pro/ExCom/51/10, without prejudice to the Parties decision on replenishment for the year 2009 and beyond, while noting that endorsement denotes neither approval of the projects identified therein nor their funding levels, and the endorsement is with any modifications based on consideration of the following activities:

- (i) Removal of ozone depleting substances disposal projects from the 2007 and 2008 business plans;
 - (ii) Removal of HCFC surveys from the 2007 business plan and HCFC investment projects from the 2008 business plan;
 - (iii) Maintaining methyl bromide projects not required for compliance conditional on commitments to significantly advance a country's methyl bromide phase-out plan before the year 2015 consistent with decision 48/8;
 - (iv) Depending on the outcome of discussions on the paper on "*Options for addressing the situation of countries referred to in decision XVII/14 of the Seventeenth Meeting of the Parties* (follow-up to decision 49/33)" (UNEP/OzL.Pro/ExCom/51/39) maintain metered-dose inhaler strategies for consideration for those countries with terminal phase-out management plans that were approved prior to the 45th Meeting and for all others where a need is demonstrated and documented consistent with decision 45/54(e);
 - (v) Removal of HCFC activities in China, disposal of ozone depleting substances in Indonesia, and the metered-dose inhaler phase-out project in Pakistan;
- (b) Requesting implementing agencies to investigate the need for methyl bromide activities for countries with low volumes of methyl bromide consumption in the context of their preparation of terminal phase-out management plans for low volume consuming countries regardless of the status of ratification of the Copenhagen Amendment;
 - (c) Requesting UNIDO to report to the 51st Meeting on the areas of possible overlap with activities in other agencies' business plans and note the information provided as appropriate; and
 - (d) Approving the performance indicators for UNIDO set out in Table 2 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/51/10 while setting a target of 32 for the number of annual programmes of multi-year approved, a target of 44 for the number of individual projects approved, a target of 20 for milestone activities completed/ODS levels achieved for approved multi-year, and a phase-out target for individual projects of 346.2 ODP tonnes for 2007.

UNIDO
BUSINESS PLAN 2007



UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANIZATION

EXECUTIVE SUMMARY

The 2007 Business Plan of UNIDO together with the forecast for 2008 and 2009 represents the Three-year Rolling Business Plan of Montreal Protocol activities of the Organization. It was prepared based on the previous three year rolling business plan, taking into consideration the approvals and experience of previous years, the requests received from Article 5 countries, priorities established by the Executive Committee and the decisions taken, particularly decisions 50/3, 50/4, 50/5 and 50/6 on priority activities for compliance, as well as 50/6 on the unallocated funds of US\$ 40 million of the present triennium. It also reflects the discussions held in Montreal during the Inter-agency Coordination Meeting on 15 and 16 January 2007, whereby an analysis of the compliance situation (reduction targets) provided valuable information on certain Article 5 countries in dire need of assistance. It is largely inspired from the model prepared by the Secretariat of the Multilateral Fund.

In 2007, UNIDO plans to prepare and submit for approval to the Executive Committee two (2) national ODS phase-out plans, eight (8) sector phase-out plans and six (6) TPMPs. The amount foreseen for these new activities is **US\$ 13,584,725** including support costs and excluding forward commitments. Based on average cost effectiveness calculation, the impact of the 2007 new approvals for the above activities is at the level of **1,086 ODP tonnes**.

Extensions for institutional strengthening projects for three countries for **US\$ 730,082**, establishment for the ozone office in one country for an estimated cost of **US\$ 96,750**, technical assistance activities for the phase-out of halons for two countries for **US\$ 108,891** as well as methyl bromide technical assistance activity for one country for **US\$ 218,000** are also included in UNIDO's 2007 Business Plan.

Funds for project preparation will be requested for an amount of **US\$ 478,675**.

The forward commitments amount to a total of **US\$ 13,375,160** for 2007. All above-mentioned figures include agency support costs.

HCFC surveys and strategies as well as MDI transitional strategies have been included in 2007 for **US\$ 1,444,250**.

Finally, in accordance with ExCom's decision 38/68, as modified by decision 46/35, in 2006, **US\$ 1,803,530** has been allocated for funding of the 2008 core unit at UNIDO.

The total amount foreseen in UNIDO's 2007 Business Plan, including forward commitments, new investment and non-investment activities, and funding of core unit is **US\$ 32,363,263**, including support costs and with an impact of **3,919 ODP tonnes** (based on average cost effectiveness).

In the 2007 Business Plan, after careful review of all the ODS consumption data available for Article 5 countries, and based on the compliance model recently updated by the Secretariat, priority was given to Article 5 countries in need of immediate assistance to achieve their consumption and production reduction obligations under the Montreal Protocol, taking also into consideration Decision 50/3 on projects required for compliance in UNIDO's previous 2006 Business Plan, but not submitted in 2006.

As per decisions 50/3, 50/4 and 50/5 of the Executive Committee, UNIDO prepared a realistic forecast of activities for 2008 and 2009, while noting that part of these activities derive from multi-year agreements, national and sector phase-out plans approved in prior years and also from new activities planned for approval in 2007. In addition, investment activities for the phase-out of HCFCs and activities on destruction of Ozone Depleting Substances have also been incorporated, following Decision 50/6 and considering Decision 50/42 on the study being undertaken by the MLF Secretariat.

For the second and third year of the Three-year Rolling Business Plan, **US\$ 50,051,336** worth of projects was included for the year 2008 with a planned phase-out of **3,307 ODP** tonnes and **US\$ 61,245,988** worth of projects were earmarked for 2009 with an impact of **5,331 ODP** tonnes.

A. MULTILATERAL FUND TARGETS

1. CONTEXT

UNIDO prepared its 3-year rolling business plan for 2007 to 2009 based on ExCom decisions 50/3, 50/4 and 50/5, 50/6 and 50/11 on the 3-year phase-out plan/compliance-oriented model and the status/prospects of compliance data tables prepared by the Multilateral Fund Secretariat, as well as the Government requests received from Article 5 countries. An interagency coordination meeting was held on 15 and 16 January 2007. Considering the business plans received by all implementing agencies and the compliance-oriented model, the Secretariat identified the countries that are in need of immediate assistance in order to comply with the various phase-out schedules (CFCs, Halons, CTC, Methyl Bromide and Methyl Chloroform) for which no activities were included in the business plans of implementing agencies and pointed out cases where a duplication of activities occurred among the various implementing agencies.

The 2007-2009 years are crucial due to the compliance reduction targets of 2007 & 2010. In 2007 priority was given to Article 5 countries in need of immediate assistance to achieve their reduction obligations particularly in 2007 and 2010. Due consideration was given to Decision 50/11 on tranche submission delays.

During the preparation of the Business Plan, we had to take into consideration our experience and information collected in several countries which shows that part of the eligible for funding remaining consumption cannot be addressed only by investment activities. During the preparation of projects, the remaining data discrepancies, if any, will be clarified. The current Business Plan, however, reflects only those phase-out targets, which according to our present information, can be realistically addressed through investment and non-investment activities.

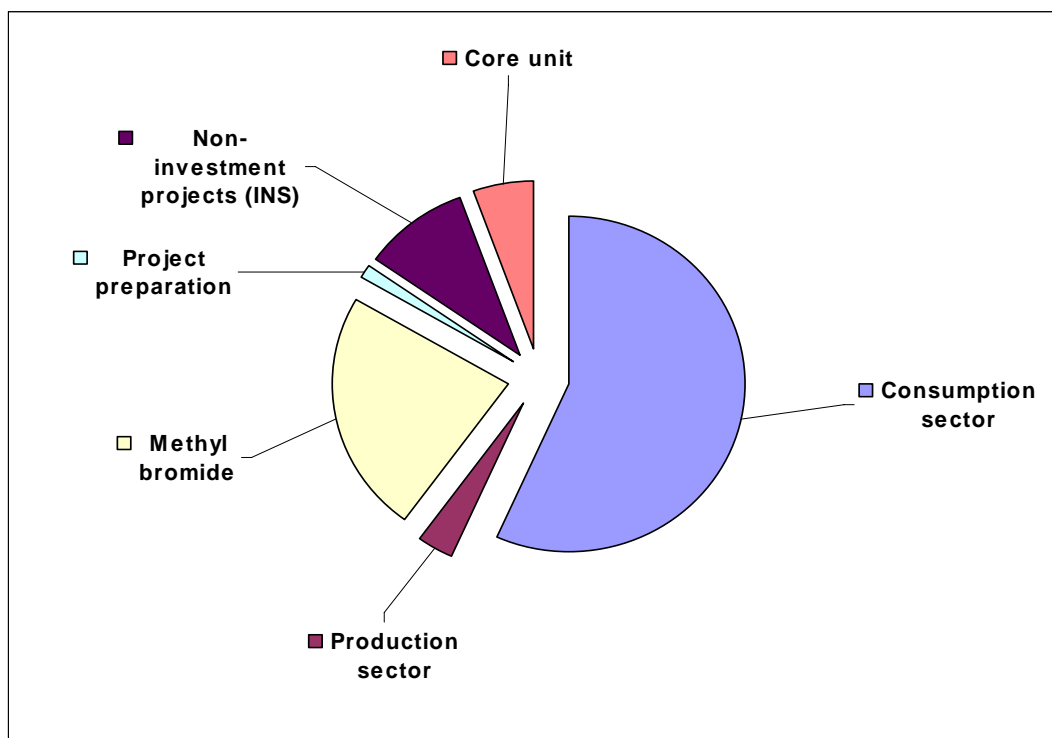
2. RESOURCE ALLOCATION

In 2007, UNIDO will prepare two national ODS phase-out plans (Algeria and Saudi Arabia), one national CFC phase-out plan (Yemen) six TPMPs (Cote d'Ivoire, Honduras, Guinea-Conakry, Kuwait, Oman and Qatar), two phase-out plans/investment projects in the fumigants sector (Mexico and Morocco), one process agents phase-out plan (Mexico), four MDI investment projects (China, Iran, Jordan and Mexico) and two halon technical assistance projects (Kuwait and Morocco). Furthermore, UNIDO will submit three extensions of institutional strengthening projects (Egypt, Mexico and Syria), one establishment of the ozone unit and one preparation of the country programme (Montenegro), and twenty-one HCFC surveys and strategies (Albania, Algeria, Bosnia & Herzegovina, Cameroon, Croatia, Egypt, Honduras, Jordan, Korea DPR, Libya, Macedonia, Moldova, Morocco, Nicaragua, Niger, Oman, Qatar, Senegal, Serbia, Sudan and Tunisia). In addition, as decided by the Executive Committee at its 50th Meeting, funding will be requested to undertake a verification audit for the TPMP in Croatia, as it was selected based on a random selection of TPMPs. For the above activities, the total budgeted amount for 2007 is US\$ 16,705,898, which already includes agency support costs. In addition, US\$ 478,675 will be requested for project preparation in 2007. The forward commitments of programmes already approved in principle amount to US\$ 13,375,160. These activities plus the core unit funding of US\$ 1,803,530 would give a total of US\$ 32,363,263 allocation for the year 2007.

Table 1. Resource allocation

Pos.	Type/sector	US\$ (incl. support cost)	Share of Business Plan allocation
(a)	Consumption sector (investment projects excl. MeBr) incl. forward commitments	18,371,003	56.8 %
(b)	Production sector incl. forward commitments	1,075,000	3.3 %
(c)	Methyl bromide projects including forward commitments	7,513,882	23.2 %
(d)	Preparation of investment projects	478,675	1.5 %
(e)	Non-investment projects (CPG, INS and TAS)	3,121,173	9.6 %
(h)	Funding of core unit	1,803,530	5.6 %
	Total	32,363,263	100%

The details of the 3-year rolling Business Plan are spelled out in the database, Annex 1 and Table 2.

Chart 1. Resource Distribution

The contribution of UNIDO's Business Plan to the implementation of the 3-year Phase-out Plan of the Multilateral Fund is demonstrated in the following two tables:

Table 2. ODS Phase-out Impact of Planned New Activities and Forward Commitments

Phase-out in ODP tonnes	New Activities				Forward Commitments			
	2007	2008	2009	Total	2007	2008	2009	Total
CFC Non-LVC	567.5	638.5	167.7	1,373.7	2,265.8	993.7	896.8	4,156.3
CFC LVC	163.2	126.3	-	289.5	45.6	2.8	2.8	51.2
CFC All	730.7	764.8	167.7	1,663.2	2,311.4	996.5	899.6	4,207.5
SEV*	-	100.0	100.0	200.0	-	-	-	-
BCM	-	40.8	-	40.8	-	-	-	-
CTC	110.5	-	-	110.5	125.7	28.7	-	154.4
CTC/TCA**	-	-	-	-	38.1	-	-	38.1
CFC/TCA***	-	-	-	-	-	6.6	6.0	12.6
Halons	7.0	-	-	7.0	-	-	-	-
MBR	241.4	764.7	313.0	1,319.1	319.9	181.1	84.1	585.1
Production****	-	-	-	-	27.8	223.7	-	251.5
TCA	5.8	-	-	5.8	1.1	-	-	1.1
SEV (Destr.)	-	200.0	3,760.0	3,960.0	-	-	-	-
Grand Total	1,095.4	1,870.3	4,340.7	7,306.4	2,824.0	1,436.6	989.7	5,250.3

Table 3. Total ODS Phase-out Impact of Activities in UNIDO's Rolling Business Plan 2007-2009

Phase-out in ODP tonnes	Total New and Forward Commitments			Grand Total
	2007	2008	2009	
CFC Non-LVC	2,833.3	1,632.2	1,064.5	5,530.0
CFC LVC	208.8	129.1	2.8	340.7
CFC All	3,042.1	1,761.3	1,067.3	5,870.7
SEV*	-	100.0	100.0	200.0
BCM	-	40.8	-	40.8
CTC	236.2	28.7	-	264.9
CTC/TCA**	38.1	-	-	38.1
CFC/TCA***	-	6.6	6.0	12.6
Halons	7.0	-	-	7.0
MBR	561.3	945.8	397.1	1,904.2
Production ****	27.8	223.7	-	251.5
TCA	6.9	-	-	6.9
SEV (Destruction)	-	200.0	3,760.0	3,960.0
Grand Total	3,919.4	3,306.9	5,330.4	12,556.7

*: More than one substance for Iraq (only reduced indicative figure);

** : For Nigeria solvent sector phase-out plan;

***: For Cameroon TPMP;

****: Contains phase-out for the years 2007 and 2008: 27.8 and 33.3 ODP tonnes of CFC/CTC/MBr for Romania; 190.4 ODP tonnes of MBr for 2008 for China;

3. ASSISTANCE TO COUNTRIES IN NON-COMPLIANCE AS PER MOP 18

UNIDO's three year-rolling Business Plan for 2007 – 2009 is driven by the compliance needs of Article 5 Countries. In 2006, the implementation of UNIDO's ongoing activities supported by the Multilateral Fund in Countries with decisions on non-compliance such as Bosnia and Herzegovina, Libya, Honduras and Uruguay succeeded in bringing these countries back into compliance.

Through the presented business plan, the Organization focuses on providing assistance to countries in non-compliance as well as those in potential non-compliance with regard to their obligations towards the Montreal Protocol. The 18th meeting of the Parties addressed non-compliance by a number of countries being assisted by UNIDO: the Democratic Republic of Congo, Guatemala, the Islamic Republic of Iran, Mexico, Pakistan and Serbia. UNIDO's ongoing and newly planned activities in those countries for 2007 are described below:

Democratic Republic of Congo

The Democratic Republic of Congo has reported an annual consumption for the controlled substances in Annex B, group II, (carbon tetrachloride) and group III (methyl chloroform) for 2005 of 16.500 ODP tonnes and 4.000 ODP tonnes respectively. This exceeds the Party's maximum allowable consumption level of 2.288 ODP tonnes and 3.330 ODP tonnes for these controlled substances for that year. The Democratic Republic of Congo is therefore in non-compliance with the carbon tetrachloride and methyl chloroform control measures under the Protocol. Decision XVIII/21 of the Parties adopted the action plan submitted by the Party to ensure its prompt return to compliance.

The 45th meeting of the Executive Committee approved a preparatory assistance project for UNIDO to prepare a terminal umbrella project on behalf of the Democratic Republic of Congo addressing the consumption of ODSs in the solvents sector. UNIDO in cooperation with the Government of Italy prepared and submitted the project to the 51st meeting of the Executive Committee. The project, which will be funded by Italy's bilateral contribution to the MLF, and is included in Italy's Business Plan for 2007, addresses the use of CTC, TCA as well as CFC-113 and contains a phase out schedule that is in line with the plan of action adopted by the meeting of the Parties and will therefore aid the Government of the Democratic Republic of Congo in fulfilling its obligations.

Guatemala

Guatemala has reported consumption of methyl bromide for 2005 of 522.792 ODP tonnes, which is inconsistent with its commitment contained in decision XV/34 to reduce the methyl bromide consumption to 360 ODP tonnes in 2005. The main causes of the Party's deviation were the technical, economic and political changes taking place in Guatemala. Decision XVIII/26 approved a revised plan of action to return Guatemala to compliance with the

Protocol's methyl bromide control measures in 2008. The new plan of action provides Guatemala with one more year to overcome the difficulties it faced during the last year.

UNIDO is implementing a methyl bromide phase out plan in the melon and horticulture sectors, which was approved in principle in the year 2002. A detailed progress report was prepared by UNIDO and submitted to the 51st meeting of the Executive Committee. In 2007, UNIDO, in cooperation with Government of Guatemala, and in coordination with UNEP/ROLAC will use the remaining funds of the current project to achieve the committed reduction of 20% in 2008. It is expected that in 2008, UNIDO and the Government of Guatemala will submit a proposal for the use of the second tranche.

Islamic Republic of Iran

The Islamic Republic of Iran has reported an annual consumption for the controlled substance in Annex B, group II, (carbon tetrachloride) for 2005 of 13.640 ODP tonnes, which exceeds the Party's maximum allowable consumption level of 11.550 ODP tonnes for that controlled substance for that year. The Islamic Republic of Iran is therefore in non-compliance with the control measures of the Montreal Protocol for the controlled substance in Annex B group II, (carbon tetrachloride). Decision XVIII/27 addresses the non compliance of Iran, whereby Iran is requested to submit to the Parties an explanation for its excess consumption together with a plan of action with time specific benchmarks to ensure its prompt return to compliance.

The 50th meeting of the Executive Committee held in December 2006 approved a project for the Islamic Republic of Iran, which addresses the phase out of CTC and TCA consumption in the solvent sector. Through the implementation of the project activities in 2007 and 2008, the Party is expected to return to compliance. In addition to the implementation of the project activities, UNIDO provides assistance to the Ozone Office in preparing the necessary explanation and forwarding a plan of action for the consideration of the Parties.

Mexico

Decision XVIII/29 of the Meeting of the Parties approved the request of Mexico to change its baseline data for the controlled substance in Annex B, group II (carbon tetrachloride) from zero ODP to 187.517 ODP tones.

Mexico has reported annual consumption for the Annex B, group II, controlled substance (carbon tetrachloride) for 2005 of 89.540 ODP tones. This consumption exceeds Mexico's maximum allowable consumption level of 9.376 ODP tonnes for that controlled substance for that year. Mexico is therefore in non-compliance with the carbon tetrachloride control measures under the Protocol. Decision XVIII/30 considers the non-compliance in 2005 with the CTC control measures by Mexico and adopts the Party's plan of action ensuring its prompt return to

compliance with the Protocol's carbon tetrachloride control measure. The new plan of action reduces the CTC consumption in Mexico to 9.376 ODP tonnes in 2008 and to zero ODP tonnes in 2009.

The 48th meeting of the Executive Committee held in April 2006, approved a preparatory assistance project for UNIDO to prepare a project for Mexico addressing the CTC consumption in the process agent sector. The actual project addressing the phase out of CTC is included in UNIDO's Business Plan for 2007. The implementation of the project will help the Government of Mexico get back into compliance with its CTC phase out obligations.

Pakistan

Pakistan reported an annual consumption for the Annex B, group II, controlled substance (carbon tetrachloride) for 2005 of 148.500 ODP-tonnes. This consumption exceeds Pakistan's maximum allowable consumption level of 61.930 ODP-tonnes for carbon tetrachloride for that year. Pakistan is therefore in non-compliance with the control measures for carbon tetrachloride under the Protocol, Decision XVIII/31 considers the non-compliance by Pakistan with the CTC control measures under the Montreal Protocol and adopts the plan of action bringing Pakistan back into compliance in 2006.

UNIDO is working with the Government of Pakistan to implement its plan of action to phase out consumption of carbon tetrachloride through continuing the implementation of ongoing projects and providing policy support under these projects as required.

Serbia

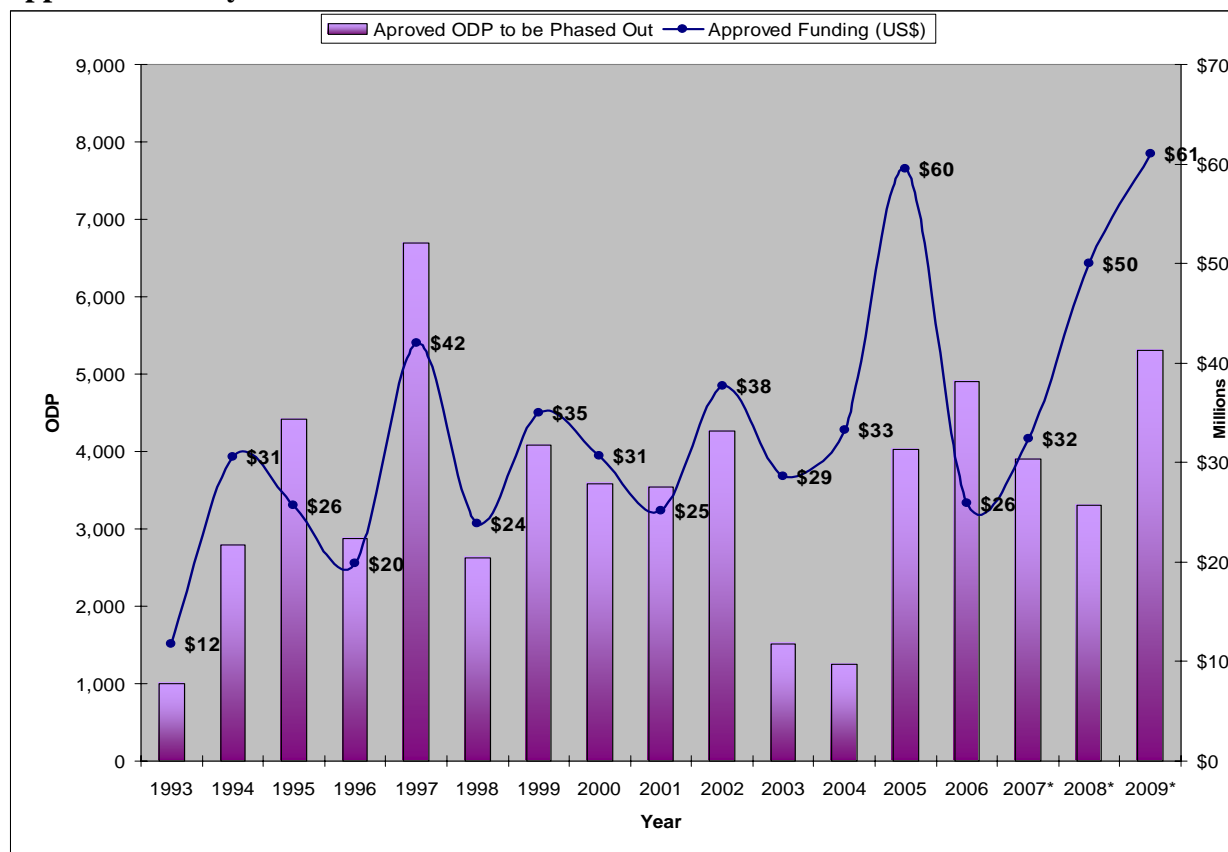
Serbia is in non-compliance with data-reporting requirements for the purpose of establishing baselines for Annex B and E to the Protocol. Decision XVIII/33 considers the non-compliance of Serbia under paragraphs 3 and 8 ter (d) of Article 5 of the Protocol. In that respect, the compliance by Serbia cannot be evaluated without the outstanding data.

Serbia ratified the Copenhagen amendment in March 2005. Consequently, the 45th meeting of the Executive Committee in April 2005 approved a preparatory assistance project in the methyl bromide sector and the solvent sector (CTC/TCA) for UNIDO. Since then, Serbia has experienced a considerable change in its national circumstances, which delayed such reporting of the outstanding data and submission of the project. The projects are planned for submission in 2007. It is to be noted also that UNIDO is cooperating with UNEP's CAP programme to assist the Government of Serbia report the data and fulfill its obligations towards the Protocol.

4. PROGRAM EXPANSION

In the years 2007 to 2009 UNIDO aims to enhance its assistance to Article 5 countries by strengthening its project portfolio through new approvals and particular attention will be given to the implementation of already approved in principle multi-year agreements, as it was the case in the previous year. The budget of activities and their impact included in the 2007-2009 Rolling Business Plan are shown in the graph below and compared to the historical data on UNIDO's project approvals:

Approval History



The main objective of this Business Plan is to assist Article 5 countries in meeting their obligations under the Montreal Protocol. It is expected that tonnages to be eliminated through forward commitments, ongoing and planned activities will meet the Montreal Protocol reduction targets of 2007, 2010 and in the cases of accelerated methyl bromide phase-out activities the 2015 reduction target as well.

In 2007, UNIDO will prepare 16 new activities for an amount of US\$ 13,584,725 and will continue 23 activities as forward commitments for an amount of US\$ 13,375,160. The ODS phase-out impact of these activities is 3,919 ODP tonnes.

The analysis of the activities of our Business Plan reveals the following main trends:

- The major share of UNIDO's MP project portfolio consists of terminal phase-out management plans, national ODS phase-out plans and sector phase-out plans;
- Investment activities including methyl bromide projects in the consumption sector covers 80% of UNIDO's 2007 Business Plan;
- No major change is observed in the demand for activities the methyl bromide sector;

In 2007, UNIDO will continue to cover all the regions (Latin America and the Caribbean, Africa, Asia and Pacific, Europe) with planned activities in various sectors for thirty-seven (37) countries (including non-investment activities and project preparation).

The following section summarizes the activities contained in UNIDO's 2007 Business Plan sorted by region and country.

Africa

In Africa, 22 activities in thirteen (13) countries, with a value of US\$ 4,154,763 will be submitted in 2007. Among these, there is one ODS phase-out plan, two Terminal phase-out management plans (TPMPs), one fumigant phase-out plan, one extension of an institutional strengthening project as well as a number of HCFC surveys and MDI transitional strategies.

The following projects are planned to be prepared and submitted in 2007:

Algeria

A national ODS phase-out plan will address the total phase-out of all remaining CFC, CTC and TCA consumption in the country. An MDI transitional strategy will be included in the plan. In addition, funds will be requested to prepare an HCFC survey and strategy.

Cameroon

Funds will be requested to prepare an HCFC survey and strategy.

Congo DR

An MDI transitional strategy will be prepared.

Cote d'Ivoire

A TPMP is under preparation and will be submitted for approval during 2007. The TPMP will contain an MDI transitional strategy too.

Egypt

An extension of the institutional strengthening project and a funding request for the preparation of an HCFC survey and strategy will be submitted during 2007.

Guinea Conakry

A TPMP is under preparation and will be submitted for approval during 2007. The TPMP will contain an MDI transitional strategy too.

Libya

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Morocco

A fumigants phase-out plan is planned to be prepared to address the remaining consumption of methyl bromide in green beans and cucumber. In addition, three technical assistance activities will be submitted in the halon, MDI and HCFC sectors.

Niger

Funds will be requested to prepare an HCFC survey and strategy.

Nigeria

An MDI transitional strategy will be prepared.

Senegal

Funds will be requested to prepare an HCFC survey and strategy.

Sudan

Three technical assistance activities will be submitted in the methyl bromide, MDI and HCFC sectors.

Tunisia

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Asia

In Asia, eighteen (18) activities in eleven (11) countries, with a value of US\$ 7,685,535 will be submitted in 2007. Among these, there is one ODS phase-out plan, one National CFC phase-out plan, three Terminal phase-out management plans (TPMPs) and one TPMP preparation, one technical assistance project for halons, three MDI phase-out plans, one extension of an institutional strengthening project and four HCFC surveys and strategies as well as three MDI transitional strategies.

The following projects are planned to be prepared and submitted in 2007:

China

A national MDI phase-out plan is under preparation, which will address the CFC consumption in the MDI sector.

Iran

A national MDI phase-out plan is under preparation, which will address the CFC consumption in the MDI sector.

Jordan

Project preparation fund will be requested to prepare a national MDI phase-out plan. The investment project will address the CFC consumption in the MDI sector. In addition, funds will be requested to prepare an HCFC survey and strategy.

DPR Korea

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Kuwait

A TPMP is under preparation and will be submitted for approval during 2007. An MDI transitional strategy will be included in the TPMP. In addition, the technical assistance project for halons will address the remaining consumption in the country.

Myanmar

Project preparation funds will be requested, to prepare a TPMP jointly with UNEP. The TPMP will be submitted in 2008 and will contain an MDI transitional strategy too.

Oman

A TPMP is under preparation and will be submitted for approval during 2007. Funds for an MDI transitional strategy and for the preparation of an HCFC survey and strategy will also be requested.

Qatar

A TPMP is under preparation and will be submitted for approval during 2007. It will include an MDI transitional strategy too. Funding will be requested for the preparation of an HCFC survey and strategy.

Saudi Arabia

A national ODS phase-out plan will address the total phase-out of the remaining ODS consumption in the country.

Syria

The extension of the institutional strengthening project and a funding request for the preparation of an MDI transitional strategy will be submitted during 2007.

Yemen

The National CFC phase-out plan will be submitted to address the total phase-out of all remaining CFC consumption in the country. This plan will include an MDI transitional strategy too.

Europe

In Europe, fifteen (15) activities in eight (8) countries, with a value of US\$ 620,850 will be submitted in 2007. Among these, there are six MDI transitional strategies, six HCFC surveys and strategies, one country programme and TPMP preparation activities and one establishment of the ozone unit for a new Party, and a verification audit for an LVC.

The following projects are planned to be prepared and submitted in 2007:

Albania

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Bosnia and Herzegovina

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Croatia

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy. In addition, in response to the decision of the ExCom at its 50th Meeting, funding will be requested for the verification audit of the ongoing TPMP.

Kyrgyzstan

An MDI transitional strategy will be prepared.

Macedonia

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Moldova

Funds will be requested to prepare an HCFC survey and strategy.

Montenegro

Montenegro has become a new Party to the Montreal Protocol and thus, funds will be requested for the country programme and TPMP preparation and for the establishment of the ozone unit.

Serbia

Funding will be requested for the preparation of an MDI transitional strategy and an HCFC survey and strategy.

Latin America and the Caribbean

In Latin America and the Caribbean Region, 8 activities in four (4) countries, with a value of US\$ 4,556,500 will be submitted in 2007. Among these, there is one TPMP, one fumigant phase-out plan, one extension of an institutional strengthening project, one activity in the CTC process agents sector, one MDI phase-out project and one MDI project preparation activity as well as two HCFC surveys.

The following projects are planned to be prepared and submitted in 2007:

Honduras

A TPMP will be prepared in cooperation with UNEP. An MDI transitional strategy will be included in the TPMP. In addition, funds will be requested to prepare an HCFC survey and strategy.

Mexico

In order to assist the country to comply with the methyl bromide control measures, a complete methyl bromide phase-out plan in the soil fumigation will be prepared by UNIDO. In addition, MDI and process agents' sector phase-out plans are also planned. Furthermore, the next phase of the institutional strengthening project will be requested.

Nicaragua

Funds will be requested to prepare an HCFC survey and strategy.

Venezuela

Project preparation funds will be requested to address the CFC consumption in the MDI sector.

ODS destruction technologies and HCFC activities

After addressing all compliance related activities in implementing and bilateral agencies' 2006-2008 business plans, US \$40 million have remained unallocated from the current replenishment. Following the discussions of this issue at the 50th Meeting of the Executive Committee, the Secretariat was requested to consider priorities for the remaining unallocated funds emanating from the relevant previous decisions and other priorities (Decision 50/6) and to prepare an interim report addressing the priorities raised at the 50th Meeting. The final report have to be submitted by the Secretariat taking into account the report by the Technology and Economic Assessment Panel (TEAP) to be presented to the 27th Meeting of the Open-ended Working Group in June 2007 and information from the HCFC surveys, expected in early 2007.

The consumption and production of HCFCs has largely increased during the recent years, even though the ODP of these substances is much lower than the same of many other ODSs. The sheer volume of HCFC consumption will necessitate timely actions to save the Ozone Layer on one hand and on the other hand to enable future compliance of Article 5 countries with their MP obligations. UNIDO is planning to prepare surveys on the use and the possibility of phasing out the use of HCFCs, as soon as funds are made available by the MLF. The surveys will also attract the interest of the governments on the hazards associated with the use of HCFCs. This might also result in the acceleration of the phase-out process. UNIDO received countries requests for preparation of HCFC surveys/strategies in 20 countries and followed by 28 HCFC investment projects in 2008/2009.

Following the discussions at the Executive Committee and the Meeting of the Parties, UNIDO received requests for the preparation of pilot regional or individual ODS destruction demonstration projects from the following Article 5 countries: Regional ODS waste disposal project for North Africa in Algeria, Egypt, Libya, Morocco, Senegal, Sudan and Tunisia; Regional ODS waste disposal project for Jordan and Syria; Regional ODS waste disposal project for Cameroon, Congo DR and Nigeria; Regional ODS waste disposal project for Kuwait, Oman, Qatar, Saudi Arabia, Yemen; Regional ODS waste disposal project for Europe in Albania, Bosnia & Herzegovina, Croatia, Georgia, Kyrgyzstan, Macedonia, Montenegro, Serbia; and due to the large size and geographical locations of the following countries individual ODS waste disposal projects have been included for Argentina, China, Iran, Mexico, Nigeria, Turkey and Venezuela.

UNIDO is planning to implement these projects in conjunction with other toxic & hazardous waste destruction initiatives, which are being formulated and implemented by UNIDO in a number of countries. This would enable cost-effective and sustainable operation of destruction facilities in many countries over a longer period of time.

As agreed during the IA Coordination Meeting on 15-16 January 2007 in Montreal, HCFC investment and ODS destruction activities must be postponed to the out-years of the

2007-2009 Business Plans. However, should the Executive Committee decide that the above-mentioned activities be treated as priorities already during 2007, UNIDO's regional pilot project on ODS waste destruction in North Africa and Europe as well as HCFC investment activities (including project preparation) which are now included in 2008 and 2009 programme should be advanced into UNIDO's 2007 Business Plan.

5. NON-INVESTMENT PROJECTS

In 2007, UNIDO is planning the extension of institutional strengthening projects in Egypt, Mexico and Syria for a total budget of US\$ 730,082, and plans to establish an ozone unit in Montenegro for an estimated cost of US\$ 96,750, all including agency support costs. A country programme will also be prepared for Montenegro.

In addition, a number of HCFC surveys and strategies are foreseen for 2007, as the HCFC-survey in China implemented by GTZ, and the surveys implemented by UNDP are expected to be completed, based on the information provided during the latest IA-Coordination Mtg, in the first half of 2007.

Furthermore, considering the discussions at the 18th MOP, MDI transitional strategies will be prepared for countries without a production facility within the eligible funding level of US\$ 30,000 per country. For countries, in which UNIDO is preparing a TPMP or NPP, MDI strategies will be included in the respective phase-out plans.

Finally, already approved phase-out plans have and new phase-out plans will also have non-investment technical assistance components.

B. PERFORMANCE INDICATORS

The 47th ExCom Meeting has reviewed the weighting of the existing performance indicators. The new weightings, based on decision 47/51, are indicated in the below table.

Performance Indicator	Item	Weighting	Target 2007
Approval	Number of annual programmes of multi-year agreements approved	15	20
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved	10	6
Implementation	Milestone activities completed/ODS levels achieved for approved multi-year annual tranches versus those planned	20	16
Implementation	ODP phased out for individual projects	15	358.2
Implementation	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects	10	20
Implementation	Policy/regulatory assistance completed	10	11
Administrative	Speed of financial completion	10	12 months after operational completion
Administrative	Timely submission of project completion reports	5	On time
Administrative	Timely submission of progress reports and responses unless otherwise agreed	5	On time

Based on Decision 49/4, the performance indicator on milestone activities for MYAs was changed as listed now in the above table.

With regard to the performance indicator on policy/regulatory assistance, UNIDO is planning to provide policy assistance, on the understanding that the countries concerned request UNIDO's support, as follows:

- 1) Albania: Joint UNIDO-UNEP mission;
- 2) Bosnia and Herzegovina: Joint UNIDO-UNEP mission;
- 3) Congo DR: Support in monitoring its system for licensing the import/export of ODSs, with a specific focus on CTC and TCA;

- 4) Egypt: In the framework of the institutional strengthening project, providing support in the development of a national strategy on CFC chillers;
- 5) Guatemala: Support in monitoring its system for licensing the import/export of ODSs, with a specific focus on CTC and TCA;
- 6) Iran: Support in submitting to the Ozone Secretariat an explanation for the excess consumption of CTC together with a plan of action;
- 7) Macedonia: In the framework of the institutional strengthening project, providing support in the development of a national strategy for final ODS phase-out;
- 8) Mexico: In the framework of the institutional strengthening providing support in the ratification of the Beijing Amendment;
- 9) Mexico: Support in implementing the plan of action as contained in MOP Decision XVIII/30.
- 10) Pakistan: Support in implementing the plan of action as contained in MOP Decision XVIII/31.
- 11) Serbia: Support in data reporting in order to ensure compliance with the Montreal Protocol;

With respect to the phase-out targets for annual tranches of multi-year agreements, the phase-out reflected in the business plan correspond to that in the agreements, while the assessment of the performance is based on the actual cumulative amounts in the progress report worksheet on MYA implementation, instead of either the business plan or the main progress report database. This has been agreed upon during the IA Coordination Meeting held on 23-24 January 2006 in Montreal.

C. BILATERAL COOPERATION

The following Bilateral activities are implemented by UNIDO:

Bilateral Agency	Country	Sector	ODP [tonnes]	Budget (without support cost) [US\$]	Status
France	Morocco	Fumigants (cut flowers & banana)	61	673,973	Ongoing
France	Africa	Chiller demonstration	0	360,000	Ongoing
Germany	Egypt	RMP	0	279,300	Completed
Italy	China	Methyl Bromide (consumption)	534	4,000,000	Ongoing
Italy	Romania	Fumigants (horticulture)	93.9	630,517	Ongoing
Italy	Serbia and Montenegro	Domestic refrigeration	94.9	1,683,135	Ongoing
Italy	China	Dom. Ref.	181	1,950,000	Completed
Japan	Africa	Chiller demonstration	0	700,000	Ongoing
Japan	China	Refrigeration Servicing	0	4,000,000	Ongoing
Japan	China	Compressors	75	2,250,000	Completed
Japan	Indonesia	Foam	18.2	142,506	Completed
Japan	Indonesia	Foam	22.8	117,889	Completed
Spain	Brazil	Methyl Bromide	65.4	580,390	Ongoing
Spain	Mexico	Methyl Bromide	107.2	707,965	Ongoing

UNIDO will implement several bilateral activities, which are included in Italy's and Spain's 2007-2009 Business Plans.

Furthermore, conversations are ongoing with several Bilateral Agencies for future cooperation in new activities.

D. INITIATIVES TO ENSURE COMPLIANCE

The status of ongoing projects is described in Annex I. The success and timely implementation of these activities are crucial in the current compliance period.

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

- Regular missions are organized to monitor with the ozone officers the implementation of national and/or sectoral phase-out plans and ongoing stand alone projects. UNIDO visits each ozone office at least once a year. If required, UNIDO fields ad-hoc missions and requests support from the field representatives, who are in regular contact with the ozone office to organize training, clear equipment from the customs, recruit experts, etc.
- The good cooperation with the national ozone offices has continued and the staff of the ozone office together with UNIDO's national and international consultants and project managers are regularly following up the implementation process. They are taking effective actions on critical issues, e.g. resolving bottlenecks in site preparation, customs clearance, installation, commissioning and safety certification, monitoring of CFC-related equipment.
- UNIDO is regularly attending Regional Network Meetings and respective workshops providing additional support to our counterpart countries.
- UNIDO has strengthened its field representation. The field offices received additional professional staff, and in some offices local staff was recruited to follow up MP projects. The new staff was trained on Montreal Protocol issues and further training is planned.
- One staff implementing Montreal Protocol projects was transferred to UNIDO's Regional China Bureau to provide direct on-site assistance in the Asia and Pacific Region enabling closer follow-up on project implementation.
- As in previous years, Directors of UNIDO regional and country offices are regularly briefed at UNIDO HQs on ongoing and possible future activities. They are involved in the implementation process and they are following up the progress of the programmes. In their turn, the representatives brief headquarter staff working in a specific country on the regular activities in the field and problems faced, if any.
- UNIDO is also giving additional support to Governments, when requested, in providing policy assistance, putting in place relevant legislation etc.

Annex I**COUNTRY-BY-COUNTRY IMPLEMENTATION OF
APPROVED ACTIVITIES****Albania****Phase-out of ODS**

The national ODS phase-out plan is implemented by UNIDO while UNEP is in charge of institutional strengthening. The delivered refrigeration demonstration unit for training of service technicians is operational. In order to ensure successful operation of the refrigerant recovery and recycling network component, it was agreed that first an enabling environment should be established by putting more emphasis on the reuse scheme, enforcement and code of practice before purchase and distribution of the equipment. Therefore, two national experts were recruited for preparing the code of practice as well as for updating the training manual and organizing training workshops. Purchase of equipment for vocational schools was initiated which is planned to be delivered in April 2007 as requested by the Ozone Unit Manager. A joint mission with UNEP will be fielded in 2007. Training workshops and training related to the equipment will be organized. The international expert will continue to provide advice on EU legislation as well as on technical matters. ODS levels as at end 2005 were well below the target set by the agreement.

Algeria**1. Phase-out of CFCs**

The terminal umbrella project in the commercial refrigeration sector was approved by the Executive Committee at its 44th meeting. In 2007, the ownership of the foaming equipment which was supplied to a company, which went bankrupt after the completion of an earlier individual investment project, will be transferred to the eligible enterprises under the terminal umbrella project. Once the equipment is on the site, UNIDO will organize for the installation and on-the-job training for the operators. Training on the development of prototypes will be completed. The project is expected to be completed by the end of 2007, leading to a phase-out of 72.8 ODP tonnes of CFCs.

The refrigerant management plan (RMP) is progressing with the third tranche. Contract for monitoring the implementation of the RMP was awarded and a phase-out of the remaining 45 ODP tonnes was achieved. Monitoring started mid-November 2006 and will continue for one year with quarterly reporting. The project is expected to be completed in 2007.

2. Phase-out of Methyl Bromide

A technical assistance project to phase out methyl bromide in pulses disinfestations was approved by the 50th Executive Committee. The project has an impact of 1.6 ODP tonnes and is planned to be completed in 2007. The training programme will start in January 2007.

Argentina

1. Phase-out of CFCs

The national CFC phase-out plan was approved at the 42nd ExCom Meeting and the first, second and third funding tranches were released. The fourth tranche will be submitted to the 53rd ExCom Meeting for approval. The 2005 CFC consumption target was 2,047 ODP tonnes and 1,676 ODP tonnes were achieved. By the end of 2006, about 5,000 technicians have already been trained. Servicing tools and R&R equipment were distributed among the eligible service shops. Training of customs officers was carried out. The before-mentioned activities will continue in 2007 with an increased focus on the end-users sector and a series of awareness campaigns.

2. Phase-out of Methyl Bromide

According to the revised agreement approved by the 45th Executive Committee, the project in strawberry, protected vegetables and cut flower production will be mainly implemented until 2010 leaving a small consumption till 2015. The subcontractor (INTA) will continue to provide training in 2007.

3. Phase-out of Solvents (CFC, CTC and TCA)

The plan for phase-out of ODS in the solvent sector was approved in December 2003 (41st ExCom). The approved date of completion is December 2009. Some TCA users in the solvent formulation sector were identified and a partial phase-out of 6 ODP tonnes was achieved through new formulations developed by these companies. New sub-projects will be developed for those TCA companies which were identified during the survey done in 2006.

Bosnia & Herzegovina

1. Phase-out of CFCs and TCA

The individual investment project in the foam sector was completed in December 2006. A total phase-out of 33 ODP tonnes of CFCs was achieved accordingly.

The national ODS phase-out plan was approved at the 41st ExCom Meeting. The first funding tranche was completed in December 2006 and the project is progressing with the second tranche. Equipment to phase out TCA at the only ODS consuming company was ordered, delivered, installed and commissioned, resulting in a total phase-out of 1.1 ODP tonnes of TCA in 2006. The request for release of the third tranche will be submitted upon receipt of the 2005 verification report. Implementation activities will concentrate on the procurement of training equipment as well as on customs training and training of technicians in the refrigeration servicing sector. A joint mission with UNEP will be fielded in 2007.

2. Phase-out of Methyl Bromide

The methyl bromide phase-out plan in the tobacco seedling, vegetables and flower sectors was completed as planned in December 2006, resulting in a total phase-out of 11.8 ODP tonnes of methyl bromide.

3. Phase-out of Halons

At the 42nd ExCom Meeting, a technical assistance project was approved to phase out the entire halon consumption in the country. The awareness and training workshop on halon management has been postponed to February 2007. The NOU has requested to facilitate respective local arrangements and follow up project activities. A local sub-contractor has been identified and arrangements are under way. Subsequently, beneficiary for the halon recycling equipment will be selected. After bidding, equipment will be ordered and delivered. The project is planned to be completed in 2007.

Brazil

Phase-out of Methyl Bromide

The total phase-out of methyl bromide in tobacco, flowers, ornamentals, strawberries and other uses was approved at the 46th Meeting of the Executive Committee. Subcontract for training was awarded. Most of the equipment (boilers and accessories) was ordered. Few items have already been delivered in 2006, the major part will be delivered in 2007. A partial phase-out of 69.2 ODP tonnes of methyl bromide was achieved. Training will continue in 2007 and the remaining equipment will be purchased. As per the agreement, 84 ODP tonnes are planned to be phased out in 2007.

Cameroon

1. Phase-out of CFCs

The implementation of the refrigerant management plan approved at the 38th meeting of the ExCom, is planned to be completed in 2007 ahead of schedule. Contract for training of technicians was prepared. Technicians training started and will continue in 2007. The remaining 30.6 ODP tonnes of CFCs will be phased out in 2007 as per the agreement.

2. Phase-out of CFCs and TCA

A terminal CFC/TCA phase-out management plan was approved by the 50th Executive Committee and the first funding tranche was released. In 2007, the PMU will be established, training of technicians will be organized, charging unit for alternative refrigerant will be provided and enterprise will be assisted in the phase-out of TCA.

China

1. Phase-out of CFCs

In the year 2006, 150 ODP tonnes of CFCs were phased out as a result of the implementation of the sector plan in tobacco fluffing. Working agreement with counterpart companies will be finalized for dismantling the last CFC-11 equipment in 2007.

In the framework of the polystyrene foam umbrella project, a new phase-out agreement between SEPA and the counterpart was signed which will ensure sustainability of the project. Contracts for the purchase of equipment and for local services were signed. Delivery of the equipment is planned for the first quarter of 2007. The project is expected to be completed in 2008. A detailed report on the status of the project was presented to the 50th ExCom Meeting.

Under the domestic refrigeration sector plan, phase-out contracts with all counterpart enterprises were signed, ensuring an approximately 14 tonnes higher phase-out than planned. Equipment for all companies was ordered and delivered. In most cases, commissioning of the equipment has already been completed and the final acceptance of all enterprises is expected during the first half of 2007. A project monitoring and information system was installed. Safety standards are being finalized and a ban on the use of CFCs in the sector was initiated. Compressor factories will be provided with technical assistance for their conversion and an awareness campaign is planned for 2007.

The refrigeration servicing sector plan was approved by the 44th ExCom. The activities planned for 2006 continued according to the annual implementation plan. The request for release of the 2006 tranche was submitted to the 50th ExCom Meeting, however, due to the lack of a verification report, it will be resubmitted to the 51st Meeting of the ExCom. In 2007, large-scale training programmes will be implemented in the MAC sector. MAC sector enterprises will be provided with R&R equipment. Activities will also start in the domestic and industrial refrigeration sectors through training and technical assistance programmes. The request for release of the fourth tranche will be submitted to the 53rd ExCom Meeting.

The Bole domestic refrigeration plant was completed end 2006, earlier than originally planned.

2. Phase-out of Methyl Bromide Consumption Sector

The national phase-out of methyl bromide was approved by the 41st ExCom and the first funding tranche was released. The total methyl bromide consumption in 2005 was 620.1 ODP tonnes whereas the maximum allowable consumption agreed with the Multilateral Fund for the same year was 880 ODP tonnes. Therefore, China was 260 ODP tonnes ahead of the agreed phase-out schedule at the end of 2005. In 2006, all major activities were completed in the commodity sector and an additional phase-out of 86.1 ODP tonnes was achieved. It is planned for 2007 that the training programme will be completed, the application of alternatives will be monitored and corrective measures will be applied, whenever required. In the tobacco sector, the procurement of the last set of equipment is foreseen.

3. Phase-out of Methyl Bromide Production Sector

The sector plan for the methyl bromide production sector was approved by the 47th ExCom. A subcontract was issued to SEPA in March 2006. The training plan was implemented and a working arrangement contract was signed with the counterpart companies. A phase-out of 21 ODP tonnes was achieved. The following activities are foreseen in 2007: Monitoring of the methyl bromide production, inspection of manufacturers and technical verification as well as establishment of annual production quota for each methyl bromide producer.

Cote d'Ivoire

1. Phase-out of Methyl Bromide

The phase-out of methyl bromide in the commodities and storage fumigation sectors was approved at the 42nd ExCom Meeting. Due to the very tense political situation, procurement of the last set of equipment will be finalized in 2007 and equipment will be delivered. The project is planned to be completed in 2007, phasing out the remaining consumption of 3.8 ODP tonnes of methyl bromide.

2. Phase-out of CFCs

At the 46th Executive Committee Meeting, a terminal aerosol sector project was approved for UNIDO with a total phase-out of 43.4 ODP tonnes of CFCs. Redeployment of equipment from Alkaloid, Macedonia (cancelled aerosol project) to COPACI, Abidjan was discussed with the subcontractor. It has turned out that equipment redeployment is not feasible since the technicians of the supplier are not allowed to travel to Cote d'Ivoire and the British Consulate in Abidjan has been closed. The Executive Committee is, therefore, requested to allow to go through the usual international bidding process in order to avoid further delays under the project.

Croatia

1. Phase-out of CFCs

The terminal CFC phase-out management plan was approved in 2003 and has been implemented in cooperation with Sweden. The project is progressing with the third and the fourth tranche which was released by the 49th Executive Committee in July 2006. Terms of reference for monitoring of the last funding tranche were prepared and submitted to the Ozone Unit for clearance to enable start-up of monitoring activities in 2007. International expert will be recruited to provide advice on EU legislation. The Executive Committee decided at its 50th Meeting that a verification audit should be undertaken for this TPMP. UNIDO is requesting funding in its 2007 work programme for the above-mentioned verification.

2. Phase-out of Methyl Bromide

The phase-out project in tobacco seedlings was successfully completed in December 2006, phasing out the remaining consumption of 0.4 ODP tonnes in the methyl bromide sector.

Cuba

Phase-out of Methyl Bromide

At the 44th ExCom Meeting, a total phase-out project in soil, substrate, storage and structure fumigation was approved. The project has an impact of 24.1 ODP tonnes and is planned to be completed in 2008. Training continued in most of the sectors without problems. The purchased fumigation equipment will be delivered in 2007. Training on fumigation in storage facilities will be provided and the remaining greenhouses will be purchased. The first partial phase-out of 7.9 ODP tonnes of methyl bromide occurred in 2006 as planned. A detailed report is being submitted to the 51st ExCom Meeting.

Democratic People's Republic of Korea

1. Production sector closure

In the production sector, 500 ODP tonnes of TCA and CFC-113 production capacity were phased out already in 2002. In 2003, 1,250 ODP tonnes of CFC-11 and CFC-12 production was closed, whereas in 2005, 2,530 ODP tonnes were phased out through the closure of the CTC production capacity. Accordingly, the last tranche was released in 2006.

2. Phase-out of CFCs

The refrigeration sector phase-out plan for Korea was approved in 2003. The project is progressing with the second tranche. Remaining equipment for the conversion of the compressor factory is being ordered. Delivery, installation and commissioning are planned to take place in 2007.

UNIDO is in charge of the recovery and recycling component of the national CFC phase-out plan which was approved by the 47th Executive Committee and which is being implemented together with UNEP. Remaining recovery and recycling equipment which was ordered in 2006, is planned to be delivered in February 2007. Installation and commissioning of equipment will follow.

3. Phase-out of CTC

The CTC terminal phase-out plan was approved at the 41st ExCom Meeting to assist Korea in complying with the 85 per cent reduction target. A partial phase-out of 613.8 ODP tonnes has already been achieved in 2004 under the first tranche. In 2005, the second and third tranches were released by the 46th ExCom and additional 597.7 ODP tonnes of CTC were phased out in the fumigation sector. Equipment for the 2.8 Vinalon Chemical Factory and Siniju Fiber Complex Factory was only partially delivered since the glass-lined reactors procured by UNIDO in China, were not allowed to be exported to the Democratic People's Republic of Korea. UNIDO is trying to solve the problem. Equipment for the Wonsan Chemical Factory is planned to be commissioned in 2007. A new international bidding will be conducted for the procurement

of analytical equipment since offers were too expensive. As part of the fourth tranche which was released by the 49th ExCom, international bidding has already started for procurement of equipment for the pesticide plant. The fifth and sixth (last) tranches will be requested in 2007.

At the 49th Meeting of the Executive Committee, a supplementary plan for terminal phase-out of CTC as process agent was approved which will eliminate the remaining eligible CTC consumption of 229.9 ODP tonnes in the Democratic People's Republic of Korea. Terms of reference were prepared for the procurement of equipment for the Hungnam Pharmaceutical Factory in 2007. Terms of reference are also under preparation for Lanam.

Dominican Republic

Phase-out of Methyl Bromide

Under the phase-out project in melon, flowers and tobacco, agreements with methyl bromide consumer farmers have already been made. Most of the supplies (chemicals, substrates, small equipment) agreed upon with the farmers, were purchased. In the flowers sector, methyl bromide has already been phased out. Thus, a partial phase-out of 20 ODP tonnes was achieved. The project which is planned to be completed by December 2007, will now concentrate on the remaining sectors consuming methyl bromide, i.e. tobacco and horticulture.

Egypt

1. Phase-out of Solvents (CFC, CTC and TCA)

The terminal solvent sector umbrella project was approved at the 44th meeting of the ExCom. The planned survey was conducted and 42 small-scale companies using ozone-depleting solvents were identified. A partial phase-out of 31 ODP tonnes was achieved. The remaining 10 ODP tonnes of CFC-113 are planned to be phased out by July 2007 through the conduction of two solvents training workshops.

2. Phase-out of CFCs

The national CFC phase-out plan was approved by the 46th Executive Committee and the first funding tranche was released. The first part of the refrigeration service equipment was purchased and delivered. The training programme of 1,200 technicians was accomplished. As part of the second tranche which was released by the 50th ExCom Meeting, a work plan for 2007/2008 is under preparation. The industrial refrigeration and chillers as well as the remaining commercial refrigeration manufacturers will be addressed by providing a package of technical assistance, equipment, training services and eligible incentives aimed at achieving the phase-out target.

3. Phase-out of CFC Consumption Sector

The phase-out of CFC consumption in the manufacture of aerosol metered dose inhalers was approved by the 50th ExCom Meeting. The project has an impact of 159.5 ODP tonnes and is expected to be completed in 2009. Bidding for equipment procurement and technology transfer

will start beginning of 2007. Subsequently, equipment will be procured and contract with technology transfer provider will be signed. The Executive Committee will be informed about the outcome of the bidding process as decided.

4. Phase-out of Methyl Bromide

The 20% reduction target was achieved in 2005 as a result of the implementation of the national phase-out plan for methyl bromide in horticulture and commodities fumigation. The work programme for 2006 and 2007 is focused to keep the achieved reduction permanent and sustainable. Equipment and chemicals for the vegetable and strawberry sectors were delivered. Terms of reference for the procurement of greenhouses for the production of grafted seedlings were prepared. Their purchase is planned to take place in 2007. A detailed report is being submitted to the 51st ExCom Meeting.

Georgia

1. Phase-out of Methyl Bromide

The second phase of the technical assistance project which provided direct assistance to farmers in the adoption of the alternatives, was completed in December 2006. A total phase-out of 6 ODP tonnes of methyl bromide was achieved.

At the 47th ExCom Meeting, technical assistance for the elimination of methyl bromide in grain and storage facilities was approved for UNIDO. Terms of reference for equipment and training were prepared. In 2007, fumigation equipment will be purchased and training is planned to be undertaken in selected mills factories. The phase-out of 7.2 ODP tonnes is expected for the period after 2008.

2. Phase-out of Halons

The halon banking management programme was approved by the 47th Executive Committee in November 2005. The programme has an impact of 37.4 ODP tonnes and is planned to be completed in 2008. The project site for the establishment of a halon recovery and recycling centre was selected and equipment was ordered. In 2007, a halon awareness and training workshop will be arranged and the halon recovery and recycling equipment is planned to be delivered and installed.

Guatemala

Phase-out of Methyl Bromide

The cut flower and melon sectors were monitored. Although the phase-out target of 25 ODP tonnes was achieved in 2006, Guatemala reported a higher consumption. Following the decision of the 49th Executive Committee, UNIDO worked very closely with the Government of Guatemala in preparing a revised plan of action which was approved by the Parties at their

XVIIIth Meeting in November 2006. While UNIDO in cooperation with UNEP, will ensure compliance of the melon growers with the agreed reduction plan, UNIDO will also continue to support the other sectors. A detailed report on the status and forthcoming activities of the project will be submitted to the 51st Meeting of the ExCom.

Honduras

Phase-out of Methyl Bromide

A new phase-out schedule was approved by the 47th Executive Committee for the methyl bromide sector plan in order to reach the 20 per cent reduction target by 2008 giving time to further develop and softly apply the new technology. Phase I of the programme was completed in December 2006. Phase II was approved by the 50th ExCom and the first funding tranche was released. Project implementation will start in January 2007 with the preparation of relevant terms of reference for equipment procurement and training.

India

1. Phase-out of CFCs

The refrigeration sector phase-out plan was approved at the 38th ExCom Meeting with UNDP as the lead implementing agency. UNIDO is implementing the transportation refrigeration portion of this sector plan. The first tranche was successfully completed in November 2006 with a total phase-out of 59 ODP tonnes of CFCs. The project is now progressing with the second tranche which was released by the 41st ExCom. Refrigerant evacuation/charging equipment was distributed among 34 eligible enterprises. The new foaming equipment which was delivered with some delay in June 2006, was also distributed among eligible enterprises. A phase-out of 50 ODP tonnes of CFCs was achieved in 2006 and additional 27 ODP tonnes will be phased out in 2007 upon final commissioning of the remaining foaming machines.

2. Phase-out of CTC Consumption and Production Sectors

The 2005 and 2006 annual programmes of the CTC phase-out project were released by the 45th and 49th Executive Committee, respectively. Contracts with Kemix and Nikava were finalized. Their conversion is planned to take place in 2007. Final equipment was partly delivered in 2006, the remaining part will be delivered and installed in 2007. Additional enterprises will be identified in order to achieve complete phase-out of CTC in the sector. A partial phase-out of 560 ODP tonnes of CTC has already been achieved in 2006.

Indonesia

1. Phase-out of Methyl Bromide

At the 44th ExCom Meeting, a phase-out project in grain storage was approved for UNIDO. The project has an impact of 37.8 ODP tonnes and is planned to be completed in 2008. The first set of equipment which was procured and delivered in 2006, will be transferred from the

subcontractor Biotrop to the beneficiaries. The second set of equipment is being procured through international bidding. Regional training on phosphine fumigation and integrated storage pest management is planned at eight locations. Public awareness activities and project monitoring activities are foreseen as well.

2. Phase-out of Solvents (CTC, TCA and CFC)

At the 44th ExCom Meeting, a terminal ODS phase-out plan was approved. UNIDO is in charge of the total phase-out in the solvents sector. The project is aiming at eliminating 5.6 ODP tonnes of TCA, 16.5 ODP tonnes of CTC and 78 ODP tonnes of CFC, out of which 57 ODP tonnes of CFC, 3 ODP tonnes of TCA and 16.5 ODP tonnes of CTC were phased out in 2005. In 2006, terms of reference for non-investment activities were consented with the National Ozone Unit. A contract will be prepared accordingly. The purchased equipment for the CTC consuming company will be delivered and installed. In addition, the following activities are foreseen in 2007: A survey to identify other (remaining) consumers of ODS solvents eligible for funding; technical assistance/investment projects for eligible counterparts; workshop on new technologies in the solvent sector; public awareness campaign/seminars as well as exchange of information and experience through south-south cooperation. The remaining consumption of 21 ODP tonnes of CFCs and 2.6 ODP tonnes of TCA is planned to be phased out by 2008.

Iran

1. Phase-out of CFCs

Currently, there are two foam projects under implementation by UNIDO which are expected to be completed in 2007. The total impact of the two projects is 174.1 ODP tonnes. The project at Bahman Plastic company is planned to be completed in 2007 after installation and commissioning of equipment. The management problem at Esfanj Shirvan is still not solved. As soon as the problem is solved, the CO₂ tank and other required equipment will be provided by the counterpart and the supplier will be requested to install and commission the equipment. Further, UNIDO is implementing a compressor project and the national CFC phase-out plan approved with GTZ as the lead implementing agency.

The national CFC phase-out plan was approved at the 41st Meeting of the ExCom in December 2003. All activities under the 2005 annual implementation programme were successfully completed by December 2006. The subsequent tranche was released by the 48th Executive Committee. Implementation is proceeding according to the annual implementation programme. The monitoring component has already started and will continue in 2007.

Under the delayed compressor project, arrangements will be made for the supplier's technician to install and commission the welding machine at ICMC and to replace damaged equipment.

2. Phase-out of Methyl Bromide

The project which was assisting seven fumigation chambers in improving the efficiency of the alternative selected (phosphine), was completed in December 2006, phasing out the remaining consumption of 2.4 ODP tonnes of methyl bromide.

The 47th Executive Committee Meeting approved a total phase-out project in soil fumigation for UNIDO. The impact of the project is 14.4 ODP tonnes. Boilers were purchased in 2006. Their delivery and the respective training on how to use them are planned for 2007.

3. Phase-out of Solvents (CTC and TCA)

A terminal solvent sector umbrella project was approved by the 50th Executive Committee Meeting. The project has an impact of 52.7 ODP tonnes and is expected to be completed in 2008. Bidding for procurement of equipment will start beginning of 2007.

Jordan

Phase-out of CFCs

The commercial refrigeration manufacturing part of the national ODS phase-out plan, implemented with the World Bank as the lead implementing agency, was completed by UNIDO in December 2006, resulting in a phase-out of 41 ODP tonnes of CFCs.

Kuwait

Phase-out of CFCs

The recovery and recycling component of the RMP for Kuwait was completed in December 2006. A total phase-out of 64 ODP tonnes of CFCs was achieved.

Kyrgyzstan

Phase-out of Halons

At the 48th Meeting of the Executive Committee, a halon phase-out programme was approved for UNIDO. The project has an impact of 2.4 ODP tonnes and is planned to be completed in 2009. Project activities were coordinated with the National Ozone Unit and recommended national experts were recruited. In 2007, terms of reference for the procurement of halon recovery and recycling equipment will be prepared. International bidding and delivery of equipment to the project site are foreseen. Halon awareness and training workshop will be arranged.

Lebanon

Phase-out of Methyl Bromide

The project reorientation was approved at the 43rd ExCom Meeting in July 2004. The crop season 2005/2006 was successfully completed. No methyl bromide alternatives were applied in summer 2006 due to war. Better security situation is awaited in Lebanon. A detailed report will be submitted to the 52nd ExCom Meeting.

Libya

During 2006, there were several difficulties which delayed project implementation in the country. In a number of cases, visa was not granted to UNIDO staff member and to the supplier which delayed installation of equipment. On several occasions, no response was received on UNIDO's correspondence. Furthermore, in the course of 2006, UNIDO received contradictory information on who would act as the official Ozone Officer in Libya. On this issue, a meeting took place between the Minister of Environment of Libya and senior officials of the Multilateral Fund Secretariat as well as UNIDO during the 50th ExCom Meeting in New Delhi. In addition, an official letter was sent to the Minister of Environment from the Chief Officer of the MLF Secretariat to clarify this issue. As a response, the name of the official Ozone Officer was confirmed to UNIDO by the Minister of Environment.

1. Phase-out of CFCs

The second tranche of the national CFC phase-out plan was released in April 2005. Main foam equipment as well as delivered recovery and recycling equipment were installed and commissioned in 2006. Remaining equipment will be ordered after approval of the third tranche.

2. Phase-out of Methyl Bromide

At the 47th Executive Committee Meeting, a phase-out project in horticulture was approved for UNIDO. The impact of the first tranche of the project is 56 ODP tonnes. The project is being implemented with Spain and the second/final funding tranche is planned for 2007 with Spanish contribution. Terms of reference for procurement of equipment were agreed upon and subcontract for provision of technical assistance and logistic services was signed. However, equipment was not procured in 2006 since timely delivery would not have been possible for the 2006 season. Equipment will be procured in 2007 according to the agreed terms of reference.

3. Phase-out of Halons

The plan for the phase-out of import and net consumption of halons in the fire fighting sector was approved by the 47th Executive Committee. The project has a total impact of 653.9 ODP tonnes and is planned to be completed in 2008. An international consultant was recruited and the respective report giving recommendations on the business model, was submitted to the Multilateral Fund Secretariat. Project activities will start upon approval of the sustainability plan

which will be resubmitted to the 51st Meeting of the ExCom. After its approval, halon awareness and training workshop will be arranged.

Macedonia

Phase-out of CFCs

The aerosol project was cancelled by mutual agreement at the 45th ExCom in April 2005 because the company had stopped aerosol production. UNIDO was requested to consider the possibility of equipment redeployment to the aerosol project which was approved for Cote d'Ivoire. As indicated in our comments under Cote d'Ivoire, the redeployment of equipment is not feasible.

The terminal phase-out management plan was approved by the 45th Executive Committee. The first tranche which was completed in November 2006, has successfully phased out 10 ODP tonnes of CFCs. As part of the second tranche which was released by the 50th ExCom Meeting, training programmes are planned to be implemented in 2007, including workshops for service technicians and customs officers. The recovery and recycling programme will continue.

Mexico

1. Phase-out of Methyl Bromide

The technical assistance project which started immediately after its approval at the 42nd ExCom Meeting, will enable Mexico to comply with the 2005 20 per cent methyl bromide reduction target. Assistance was provided to farmers through the organization of a series of workshops in the melon, tomatoes and strawberry sectors. The UNIDO component of the project was completed in 2006 and an additional phase-out of 26.9 ODP tonnes of methyl bromide was achieved. The Spanish component will continue to provide technical assistance to voluntary farmers in the elimination of methyl bromide through the establishment of pilot cases in their respective premises. A complete phase-out project will be submitted in 2007.

2. Phase-out of CFC Consumption Sector

The national CFC phase-out plan was approved in 2004. The CFC consumption in 2005 amounted to 2,056 ODP tonnes, which is some 150 ODP tonnes lower than the established level in the agreement. The actual consumption in the refrigeration servicing sector was reduced by 547 ODP tonnes. Large-scale training of technicians was initiated and partially completed in 2006. This activity will continue also in 2007. Recovery and recycling equipment was purchased. Its distribution to the technicians took place in 2006 and will continue in 2007. The last tranche of the project was approved by the 50th ExCom Meeting since all targets were met. Operation of the project monitoring unit and awareness programmes are assisted through the project.

3. Phase-out of CFC Production Sector

The CFC production was closed on 25 August 2005. Full phase-out took place. The CFC consumption monitoring system is ready and operational. In 2006, closure of the CFC production

was monitored and audited. The audit report was submitted to and endorsed by the 50th ExCom Meeting. Similar activities will continue in 2007 and 2008.

Morocco

1. Phase-out of CFCs

The terminal umbrella project in the commercial refrigeration sector which was approved by the Executive Committee at its 43rd meeting, was completed in December 2006, phasing out the remaining consumption of 3.4 ODP tonnes of CFCs.

2. Phase-out of Methyl Bromide

The third tranche of the phase-out project for soil fumigation in the tomato sector was released in 2005 and a total phase-out of 39 ODP tonnes was achieved. In 2006, the fourth tranche was released by the 50th ExCom Meeting. Purchased equipment was delivered and installed. Training for grafted seedling production was implemented and production started. In 2007, purchase, delivery and installation of additional equipment are foreseen, including training.

The project in the strawberry sector which continued to provide farmers with training on the chemicals application, is about to expand the number of alternatives to the farmers. Final equipment will be purchased and delivered in 2007.

Myanmar

Phase-out of CFCs

UNIDO together with UNEP is in charge of the implementation of the refrigerant management plan which was approved by the 45th Executive Committee. Recovery and recycling equipment was procured by UNIDO in 2006. Training on the use of the equipment will be implemented by UNEP. Upon its completion, financing of the next components will be requested. A total phase-out of 32.1 ODP tonnes of CFCs is expected to be achieved in 2007.

Nigeria

1. Phase-out of CFCs

The refrigeration manufacturing part of the national CFC phase-out plan which was implemented in cooperation with UNDP as the lead implementing agency, was completed in March 2006. The project has successfully phased out the remaining consumption of 8.25 tonnes of CFCs in 2006, thus a total phase-out of 42.9 ODP tonnes was achieved.

Under the aerosol part of the above project, the equipment was shipped and delivered to the seaport Lagos in March 2006. The customs clearance and transportation of the equipment to the end-users was delayed till July 2006 due to reorganization of the seaport authorities. After delivery, minor damage of the LPG storage tank was discovered and the end-users were

requested to repair the tank. Installation and commissioning will be arranged upon confirmation by the end-users that the necessary civil works are completed. The project is planned to be completed in 2007, leading to a total phase-out of 57.9 ODP tonnes of CFCs.

2. Phase-out of Solvents

The terminal ODS phase-out umbrella project was approved at the 43rd ExCom Meeting to phase out 166.7 ODP tonnes of CTC and 31.3 ODP tonnes of TCA. The second tranche of the project was completed in July 2006. All activities were carried out according to the annual implementation programme. As part of the third tranche which was released by the 49th ExCom in July 2006, purchase of equipment is in process. Delivery, installation and commissioning of equipment are foreseen in 2007.

Oman

1. Phase-out of CFCs

The last component of the RMP, namely recovery and recycling, was completed in December 2005. Contract for monitoring the implementation of all three components of the RMP was signed in 2006. The implementation of the RMP will be monitored for one year with quarterly reporting. The project is expected to be completed in 2007.

2. Phase-out of Halons

The halon consumption phase-out project was transferred from the World Bank to UNIDO at the 46th ExCom Meeting. The halon awareness and training workshop which is being arranged in cooperation with the National Ozone Unit, is scheduled for February 2007. Subsequently, the beneficiary for the halon R&R equipment will be selected and the respective international bidding will start. The project is planned to be completed in 2008.

Pakistan

1. Phase-out of CFCs

The second and third tranches of the RMP were released by the 44th and 47th Executive Committee, respectively. Around 320 technicians were trained/certified in Punjab. Contract with the Sindh Directorate was prepared and training started. Contract with the National Institute for Science and Technical Education was prepared for the rest of the country. Procurement of equipment for good practice and recovery operation started. In 2007, training of technicians in Punjab, Sindh and Balochistan will continue. Certified technicians will be provided with service equipment.

2. Phase-out of Solvents and Process Agents (CFC and CTC)

A local engineering company was contracted under the process agent project to update the technology in accordance with the marketing strategy of the new owner. Additional drawings

and redesign (where necessary) were agreed upon to upgrade the process and to harmonize it with the commercial plan of the new owner while keeping the basic concept of the project intact. The conversion of the production plant will be completed in 2007 due to delayed contractual arrangements. There is no more CTC consumption at the company.

The national CTC phase-out plan was approved at the 41st Meeting of the ExCom. The 14 projects for verified metal cleaning industries were completed after installation and commissioning of equipment. An additional phase-out of 86 ODP tonnes was achieved. Equipment for the second package of 15 verified companies in the textile and metal cleaning subsectors was procured. The following activities are planned to be undertaken in 2007: Delivery, installation and commissioning of equipment at the 15 enterprises, awareness workshops for importers and government departments concerned, enforcement of import and export policy as well as reporting and monitoring activities. An official correspondence has been requested by UNIDO on the planned submission of the third tranche which was withdrawn by the Government in 2006.

3. Phase-out of Halons

The halon sector phase-out plan which was approved at the 41st meeting of the ExCom, was completed in December 2006, phasing out the total consumption of 24.2 ODP tonnes of halons.

Qatar

Phase-out of CFCs

The recovery and recycling component of the RMP which was completed in December 2006, has successfully phased out 54.1 ODP tonnes of CFCs. Implementation of the monitoring component continues.

Regional Africa

Phase-out of CFCs

The strategic demonstration project for accelerated conversion of CFC chillers was approved by the 48th ExCom for five African countries, i.e. Cameroon, Egypt, Namibia, Nigeria and Sudan. In order to secure the associated external resources, UNIDO drafted a project concept which was submitted to the Steering Committee of the FGEF in December 2006. The project concept was endorsed and the chiller project was included in the FGEF pipeline for 2007. UNIDO is planning to submit a full project document to the FGEF meeting in July 2007. As a matter of urgency, one chiller will be replaced at Ratuta Hospital in Namibia in 2007. Awareness raising activities, including national workshops, will be organized. In addition, the setup of a financial mechanism (MLF, FGEF and other sources) is planned to facilitate the replacements of chillers. The project is planned to be completed in 2009.

Regional Europe

Phase-out of CFCs

The demonstration project on the replacement of CFC centrifugal chillers was approved by the 47th ExCom for Croatia, Macedonia, Romania, Serbia and Montenegro. External resources were partially secured, therefore, the Secretariat confirmed that the disbursement of US\$381,771 can take place. Working arrangements for four counterparts (one in Serbia, one in Romania and two in Macedonia) were signed. Contracts for the supply of two chillers have already been awarded while offers for the supply of the other two are currently under review. In 2007, the four procured chillers are planned to be delivered, installed and started up. Working arrangements will be concluded and chillers are planned to be procured for three counterparts in Serbia and one in Montenegro. Financial commitment of the ESCO in Croatia to be confirmed to assist chiller owners in the replacement of chillers. The project is planned to be completed in 2008.

Romania

1. Phase-out of CFCs

The project on the phase-out of CFC-12 in the manufacture of pharmaceutical aerosols which was approved at the 44th meeting of the ExCom, was completed ahead of schedule in June 2006. A total phase-out of 46.5 ODP tonnes of CFCs was achieved in the aerosol sector.

At the 45th Executive Committee, a national CFC phase-out plan was approved for UNIDO. The project is progressing with the first and the second tranche which was released by the 48th ExCom. The PMU will be fully operational in 2007 since the national regulation to recruit PMU staff had to be modified. Code of practice will be finalized. A phase-out of 40 ODP tonnes of CFCs was achieved.

2. Phase-out of CFC, CTC and Methyl Bromide in the Production Sector

The first tranche of the sector plan which was approved by the 47th ExCom Meeting, was completed in December 2006. The project is progressing with the second tranche which has recently been released by the 50th ExCom Meeting. In 2007, contracts with enterprises and the National Ozone Unit will be extended.

3. Phase-out of CTC in the Consumption and Production of Process Agent Uses

A terminal phase-out management plan for process agent uses was approved by the 50th ExCom Meeting. The project has an impact of 120.5 ODP tonnes and is planned to be completed by 2008. Bidding for procurement of equipment will start beginning of 2007.

4. Phase-out of Halons

The halon management programme was approved by the 50th ExCom in November 2006. The project has an impact of 1.8 ODP tonnes and is planned to be completed in 2008. The first halon awareness and training workshop is planned to take place in 2007.

Serbia

Phase-out of CFCs

The two remaining individual projects in the refrigeration and foam sectors were completed in June and December 2006 respectively, with a total phase-out of 77 ODP tonnes of CFCs.

The national CFC phase-out plan was approved for Serbia and Montenegro by the 43rd ExCom Meeting. Since Serbia and Montenegro have separated in 2006, a revised agreement for Serbia was submitted to the 50th ExCom Meeting and the third funding tranche was released. Sweden decided to withdraw from bilateral project implementation and thus, with the agreement of the Government of Serbia, the Swedish component will be implemented by UNIDO. After these changes, the following activities are planned to be undertaken in 2007: Preparation of code of practice and continuation of support for legislation and enforcement as well as customs training and customs empowerment. Investment activities in the service sector will be implemented. Strategy on recovery and recycling or drop-in technology will be considered. Training of service technicians will continue.

Sudan

Phase-out of CFC and CTC

The national CFC and CTC phase-out plan was approved at the 44th ExCom Meeting. The first tranche was completed in December 2006 and the project is progressing with the second tranche which was released by the 50th ExCom Meeting. Training of technicians and customs officers took place. Five new centres for training and recycling were established or selected in the North, West and South area. In 2007, activities will continue and regulation will be updated.

Syria

1. Phase-out of CFCs

The refrigeration project under UNIDO's implementation was completed in December 2006, resulting in a total phase-out of 51 ODP tonnes of CFCs.

The national CFC phase-out plan was approved at the 49th Executive Committee meeting and the first funding tranche was released. A UNIDO mission was undertaken in November 2006. Implementation modalities and a work plan were agreed upon. Terms of reference for procurement of equipment were prepared and submitted to the National Ozone Unit for comments. In 2007, a National Coordination Team will be recruited as soon as nominations are

received. Subsequently, public awareness activities are planned to be carried out and equipment will be procured in 2007.

The demonstration project on the replacement of CFC centrifugal chillers was approved by the 47th Executive Committee. External resources were secured and disbursement of funds was confirmed by the Secretariat. A working arrangement was signed. UNIDO launched the bidding process for the supply of three chillers at Le Meridien Latakia. The offers are under review. In 2007, the three chillers are planned to be delivered, installed and started up. Based on the workplan developed in 2006, the retrofit of four chillers is planned to be implemented at El-Basel Hospital. Assistance will be provided to chiller end-users in preparing feasibility studies for the replacement of chillers. The project is planned to be completed in 2008.

2. Phase-out of Methyl Bromide

The phase-out of methyl bromide in grain storage is progressing with the second and third tranches. Equipment for phosphine application was delivered and tested. Terms of reference for procurement of additional equipment will be finalized based on the testing results and the planned study tour. Delivery of equipment is foreseen in 2007.

The national phase-out plan in soil fumigation was approved by the 49th Executive Committee. The project has an impact of 48 ODP tonnes and is planned to be completed in 2010. A UNIDO mission was undertaken in November 2006. Implementation modalities and a work plan were agreed upon. Terms of reference for procurement of equipment were prepared and submitted to the National Ozone Unit for comments. In 2007, a National Coordination Team will be recruited as soon as nominations are received. Subsequently, public awareness activities are planned to be carried out and equipment will be procured in 2007.

Turkey

Phase-out of Methyl Bromide

The phase-out project in protected tomato, cucumber and carnation crops is progressing with the second, third and fourth tranches. In 2006, two additional training sections took place. Alternatives applied in the course of 2005/2006 were evaluated and the first set of equipment was delivered. In 2007, various equipment, goods and chemicals will be procured for the application of methyl bromide alternatives, including specific equipment for the improvement of the IPM programme through biological antagonist. A micropropagation greenhouse is planned to be procured, delivered and installed in the course of 2007. Training activities and study tours will be undertaken.

Uganda

Phase-out of Methyl Bromide

The phase-out project in cut flowers was completed as planned in December 2006, phasing out the remaining consumption of 6 ODP tonnes in the methyl bromide sector.

Uruguay

Phase-out of Methyl Bromide

An extension of the phase-out agreement was approved by the 46th Executive Committee in July 2005. According to this agreement, total phase-out of methyl bromide will be achieved by January 2013. Subcontractor (INIA) continued training and assistance to farmers. In one region, methyl bromide has already been phased out. In 2007, farmers will be convinced to eliminate methyl bromide in one of the remaining regions.

Venezuela

Phase-out of CFCs

The first tranche of the national CFC phase-out plan was successfully completed in September 2006. Since the verification report submitted to the Secretariat for consideration by the 47th ExCom, was positively considered, implementation of the second tranche started and a total phase-out of 50.2 ODP tonnes was achieved. A contract was signed with FONDOIN for project monitoring and training of technicians. In 2007, the PMU will be extended, a data monitoring system is planned to be established and training of technicians will continue. The request for release of the third tranche will be submitted to the 51st ExCom Meeting.

Zimbabwe

Phase-out of Methyl Bromide

The project in cut flowers which was completed in December 2006, has successfully phased out 132 ODP tonnes of methyl bromide.

At the 47th ExCom, the total phase-out of methyl bromide in tobacco seedlings was approved for UNIDO and the first funding tranche was released. A plan of action was prepared in 2006 based on which most of the equipment was purchased and delivered and training to farmers was carried out. The request for release of the second tranche will be submitted in 2007.

The total phase-out of methyl bromide in grain fumigation was approved by the 50th ExCom Meeting. The project has an impact of 10.2 ODP tonnes and is planned to be completed in 2010. In 2007, terms of reference will be prepared for the procurement of fumigation sheets and training. Bidding will be organized accordingly. The second phase is planned to be submitted in 2007 as well.

CTC, TCA and Methyl Bromide training and awareness workshops in several countries (Bahrain, Burundi, Croatia, El Salvador, Ethiopia, Madagascar, Moldova, Morocco, Nicaragua, Oman, Pakistan, Tunisia, Venezuela, Yemen and Zambia)

At the 45th Executive Committee, training and awareness workshops in the solvents, process agents and fumigants sectors were approved for the above-mentioned 15 countries with low baseline and/or actual consumption. Training and awareness workshops were organized for all countries. The projects in Croatia, Madagascar, Moldova, Morocco, Nicaragua, Oman, Pakistan, Venezuela (process agents sector), Yemen and Zambia were successfully completed in 2006. The projects for Bahrain, Burundi, El Salvador, Tunisia and Venezuela (fumigants sector) are planned to be completed by June 2007.

For Ethiopia, a survey report was prepared, however, the training and awareness workshop in the solvents and process agents sectors had to be cancelled upon request from the Government of Ethiopia since they did not see any need for this activity. UNIDO suggested cancellation of the project, however, no official response has been received from the Government of Ethiopia to date.

Since the above activities have been approved on the understanding that the countries will not get any further financial assistance for the phase-out of the subject substances, the remaining funds will be used, based on the outcomes of the conducted workshops in the countries, to ensure that the phase-out is sustainable in the subject sectors, including technology transfer, awareness among end-users and monitoring activities.