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THE MULTILATERAL FUND FOR THE
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UNDP BUSINESS PLAN FOR THE YEARS 2008-2010

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COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. This document presents a summary of UNDP's planned activities for the phase-out of ozone depleting substances (ODS) during the 2008-2010 triennium. It also provides UNDP's business plan performance indicators, general comments, and recommendations for consideration by the Executive Committee. UNDP's 2008-2010 business plan is contained in Annex I.

Planned activities 2008-2010

2. Although the business plan is a rolling three-year business plan, most of the detail provided is for 2008. Activities planned for 2009 and 2010, except for those associated with existing multi-year agreements (MYAs), are included on a tentative basis only and may be revised during the course of implementation of the final 2008-2010 business plan.

Planned activities for 2008

3. For 2008, the total value of projects planned for submission by UNDP is US \$31.86 million (including support costs) leading to the phase-out of 1,480 ODP tonnes. The business plan includes:

- (a) Tranches relating to twenty-seven ongoing MYAs for sector and substance phase-out valued at a total of US \$7.3 million that will lead to an ODS phase-out of 1,175 ODP tonnes, when implemented;
- (b) Twelve new MYAs with a total value of US \$4.6 million in 2008 (US \$20.97 million in total for the triennium) with an associated ODS phase-out in 2008 of 120 ODP tonnes (734 ODP tonnes in total for the triennium);
- (c) Two individual terminal phase-out management plan projects (TPMPs) with a total value of US \$268,750 and associated ODS phase-out of 5.8 ODP tonnes;
- (d) Three new investment projects valued at US \$2.46 million;
- (e) Project preparation valued at US \$3.53 million;
- (f) Sixty-nine non-investment projects with a total value of US \$11.35 million consisting of 10 institutional strengthening projects (US \$2.28 million), 50 demonstration projects (US \$8.77 million) and 9 technical assistance projects (US \$294,300); and
- (g) Core unit costs of US \$1.86 million plus US \$500,000 for additional core unit activities for UNDP's HCFC activities.

Planned activities for 2009

4. In 2009, UNDP plans to submit projects with a total value of US \$102 million and with an associated phase-out of 2,133 ODP tonnes. This includes US \$10 million for activities required for compliance, according to the compliance oriented model, US \$71 million for HCFC activities, US \$15 million for MDI activities, and US \$6 million for ODS disposal.

Planned activities for 2010

5. In 2010, UNDP plans to submit projects totalling US \$82 million with an associated phase-out of 1,087 ODP tonnes. This includes US \$5 million required for compliance, US \$71 million for HCFC activities, and US \$6 million for ODS disposal.

Resource allocation

6. Table 1 presents a summary of the resource allocation in UNDP's 2008-2010 business plan.

Table 1
RESOURCE ALLOCATION (in US \$000)

	2008	2009	2010
Required for compliance			
Approved multi-year agreements	7,297	4,003	509
Core unit costs of implementing agencies	1,858	1,913	1,971
Institutional strengthening	2,280	2,559	2,280
Carbon Tetrachloride (CTC)	1,300		
TPMP	1,721	1,517	152
Sub-total (required for compliance)	14,455	9,992	4,912
Not required for compliance			
HCFC – Demonstration	8,770		
HCFC – Additional Core Unit Costs	500	515	530
HPMP	0	70,898	70,898
HPMP Preparation	2,763		
Metered-dose inhalers (MDIs)	4,459	15,000	
MDI – Strategies	262		
ODS disposal	656	5,913	5,913
Sub-total (Not required for compliance)	17,409	92,325	77,341
Total	31,864	102,317	82,253

7. UNDP is seeking funding amounting to almost US \$31.9 million in 2008. In UNDP's business plan, US \$14.5 million is for activities required for compliance and US \$17.4 million is for activities not required for compliance. Those activities that are not required for compliance include disposal of ODS (US \$655,750), projects that are related to HCFC (US \$12 million) and projects in the MDI sector (US \$4.7 million).

8. As mentioned above, most of the activities in UNDP's business plan for the years 2009 and 2010 are not required for compliance. Moreover, the level of expected funding increases from US \$31.9 million in 2008 to US \$102.3 million in 2009 and decreases to US \$82.3 million in 2010. UNDP has identified activities valued at US \$94.52 million after 2010. Of this, all but US \$23.96 million will be directed towards HCFC activities.

Implementation and compliance assistance

9. During the 2008-2010 triennium, UNDP plans to phase out 4,743 ODP tonnes through ongoing projects and MYAs. In addition, UNDP has indicated that 632 ODP tonnes will be phased out through projects that will be submitted for approval during the triennium.

10. Section 6 of UNDP's business plan addresses measures to expedite the implementation of approved projects and those critical to compliance. It includes a description of UNDP's efforts to strengthen the network of UNDP staff and experts in the field.

General comments

11. These general comments address issues not required for compliance according to the compliance-oriented model and include areas of possible project overlap.

Activities not required for compliance

12. Activities not required for compliance are listed in Table 1 according to the value of the requests for 2008, 2009 and 2010.

HCFC activities

13. UNDP has included two types of projects for HCFC in its 2008 business plan: requests for project preparation and demonstration projects. The follow-up investment programmes were expected to be submitted in the 2009 and/or 2010 business plans.

14. UNDP has included 37 requests for project preparation in its 2008 business plan, to help countries prepare their HPMPs. These funding requests have been proportionally decreased for the 12 countries that had already received funding to conduct an HCFC survey. UNDP has included demonstration project to test approaches, test the application of current non-HCFC technologies in different sectors, and to demonstrate the technical and economic viability of proposed alternatives by initiating awareness raising efforts. The agency noted that it may be deemed essential to begin these projects as soon as possible so that the results could be incorporated into the HPMP activities.

15. For calculating the costs for the HCFC demonstration projects included in the 2008 business plan, UNDP took into account the level of consumption, applying US \$50,000 (plus support costs) as the minimum amount. UNDP expects further guidance on these proposals from the Executive Committee at its 54th Meeting, further to which more concrete submissions will be included in the Work Programme Amendments starting with the 55th Meeting.

16. For the 2008 business plan UNDP programmed its funding needs for follow-up HCFC investment programmes by separating programme entries between different requirements to address HCFC-141b and HCFC-22 on the one hand and the need to achieve the HCFC freeze and the 10 per cent reduction benchmarks on the other hand. To arrive at the estimated costs for HPMPs, UNDP used its cost-calculator model, which uses the latest HCFC consumption reported by Article 5 countries. For the 12 survey countries, UNDP applied specific sector distribution and growth factors for each country based on the survey results. For other countries, an average sector distribution and growth factor was used. Costs effectiveness values were based on ODP values and on preliminary technical fact-sheets prepared by UNDP, which took market situations and technical development factors and price of alternatives into account. UNDP noted that these costs could be significantly lower if the proposed demonstration projects show that cost-savings can be attained in the various sub-sectors involved. The proposed costs took into account whether other agencies were working in the same country.

17. The level of cost-effectiveness for HCFC projects in UNDP's 2008 business plan ranges from US \$80/ODP kg. to US \$1,200/ODP kg. UNDP has included HCFC activities for 24 countries that have cost effectiveness values of about US \$179/ODP kg., none of which represented a phase-out of greater than 0.6 of an ODP tonne. UNDP explained that for very low volume consuming countries, such as Kyrgyzstan, a minimal value of US \$50,000 (plus support costs) was assumed per tranche, and applied irrespective of the tonnage that had been reported. It was judged that below this minimum value, nothing meaningful could be implemented. However, UNDP had 90 HCFC activities with a recorded phase-out that would yield cost-effectiveness ratios of between US \$80/ODP kg. to US \$176/ODP kg. These ratios are based on tonnages that included projected increases in consumption. Cost-effectiveness ratios related to latest consumption alone would have been higher.

Metered-dose inhalers

18. The compliance oriented model includes MDI activities for countries that have remaining funding eligibility, according to decision 35/57, for CFC projects and for those countries that produce inhalers.

19. In its 2008 business plan, UNDP has included seven MDI strategies at a cost of US \$30,000 (plus agency fees) for countries that do not manufacture MDIs. UNDP seeks clarification on whether these countries are entitled to an additional US \$30,000 for a MDI transition strategy, even where it is not part of a TPMP submission. The agency noted that it believes that it is acceptable for those countries that did not include a request for MDI in their TPMP do to so separately, for US \$30,000.

20. In its 2008 business plan UNDP has also reincluded, on behalf of the Government of Colombia, the MDI investment activity for project preparation that had not been approved at the 53rd Meeting of the Executive Committee. UNDP has provided a timeline that confirms that the company in question had been established before the NPP was submitted for funding consideration and approval in September 2003, but that the tonnage associated with the MDI company had not been recorded until the statistics for 2003 were compiled in 2004. UNDP indicated that this was the reason that the CFC consumption funded in the NPP did not include that used for MDIs and would like to request that this be re-considered by the Committee so that assistance can be provided to the country pursuant to decision 51/34. Moreover, UNDP has reiterated that the company is capable and willing to fund a portion of the conversion to non-CFC MDIs, and noted that the Government of Colombia agrees to the same conditions that were imposed upon Mexico and India at the 53rd Meeting of the Executive Committee.

21. UNDP noted that it is seeking clarification from the Executive Committee on this matter should this project not be deemed acceptable once again.

ODS disposal

22. Over the past years, UNDP has explored with interested countries possible activities in different areas of waste management related to ODS. UNDP is aware that the Multilateral Fund Secretariat is conducting a study to look into destruction related matters. Nevertheless, countries have approached UNDP to assist them to find solutions that fit their specific needs as soon as possible, and have therefore requested country-specific feasibility studies. The Executive Committee removed ODS disposal projects from UNDP's business plans for 2007-2009 with the

understanding that the Committee would consider the issue at its first meeting in 2008 in the context of the business plans.

23. In its 2008 business plan UNDP has proposed resource allocations of US \$656,000 for 2008, US \$5,913,000 for 2009 and US \$5,913,000 for 2010, for projects related to ODS waste disposal with an associated phase out of 393.8 ODP tonnes in both 2009 and 2010. UNDP claimed that the potential for recovery, proper management and disposal of unwanted ODS has been possible in developed countries, but that the conditions vary from country to country and developing countries lack access to information, and technical and financial capacity to address the issue. It has therefore proposed demonstration projects that would offer seed funds to properly assess the situation in developing countries and transfer knowledge from developed countries.

24. UNDP notes that all the countries included in its business plan have large amounts of unwanted ODS in equipment banks that could possibly be destroyed. UNDP calculated the tonnage associated with the demonstration projects as ranging from 5 per cent to 20 per cent of what could theoretically be destroyed.

Core Unit Funding Increase

25. In its 2008 business plan UNDP included an additional request for core unit funding to address "HCFC Start-up Costs", at a level of US \$500,000 per year, for 2008, 2009 and 2010 (adjusted for a 3 per cent inflation rate in 2009 and 2010). The agency has estimated that the increase in workload during this interim period, which involves extra effort to eliminate all CFCs and the start-up of HCFC work, would require the addition of three staff. Supplementary to salaries, UNDP has included in its request, provisions for rent, travel and other incidentals, such as equipment. The Administrative Cost study is currently underway and a progress report on the subject will be presented under Agenda Item 13 entitled, "Assessment of the administrative costs required for the 2009-2011 triennium (follow-up to decision 50/27)." The Executive Committee may wish to consider any request for a change in funding for core unit costs in the context of the results of that study.

Delayed annual tranches of Multi-Year Agreements

26. UNDP is the only agency with two CFC projects for funding after 2010 – one in Nigeria and one in Bangladesh. These consist of delayed annual tranches of MYAs, with a total value of around US \$180,000. UNDP has explained that the funds are needed after 2010 due to late starts, or difficulties in implementation plans. There are several activities related to the refrigeration servicing sector (such as training, awareness about drop-ins, increased recovery/recycling efforts from existing refrigeration systems, end-user incentive and retrofit projects) that will continue beyond 2010. UNDP noted that once there are no CFC imports these types of activities would be even more relevant and necessary than they had been prior to 2010. UNDP does not perceive any issues related to the legality of funding CFC projects after the phase out, based on decision 35/37 pertaining to MYAs.

Possible overlaps

27. At the Coordination meeting in January 2007, the Secretariat requested that letters be submitted by all implementing agencies for activities where there could be possible overlaps.

UNDP provided all of the relevant letters except letters from Pakistan and Syria. In the absence of the letters, there remains a possible overlap of planned activities with other agencies.

Performance indicators

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

Table 2
PERFORMANCE INDICATORS

Item	UNDP 2008
Number of annual programmes of multi-year agreements approved versus those planned (new plus tranches of ongoing MYAs)	40
Number of individual projects/activities (investment projects, RMPs, halon banks, TAS, institutional strengthening) approved versus those planned	74
Milestone activities completed/ODS levels achieved for approved multi-year annual tranches versus those planned	47
ODS phased-out for individual projects versus those planned per progress reports	1,741
Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects versus those planned in progress reports	61
Number of policy/regulatory assistance completed versus that planned	4/6 (67%)
Speed of financial completion versus that required per progress report completion dates	On time
Timely submission of project completion reports versus those agreed	On time
Timely submission of progress reports and responses unless otherwise agreed	On time

29. UNDP set a target of 40 for the number of annual tranches that would be submitted in 2008 as indicated above and in UNDP's business plan narrative. However, the data in UNDP's business plan spreadsheet indicates that it will submit annual tranche funding for 27 existing agreements and 12 new agreements in 2008 for a total of 39 annual tranches to be submitted in 2008. For consistency with the other agencies, UNDP's target for the number of annual programmes approved should be 39.

30. UNDP's target for the number of milestone activities completed/ODS levels achieved for multi-year annual tranches is 47. Since this indicator applies only to approved MYAs, UNDP's target for milestones activities completed should be 27.

31. Similarly, UNDP set a target of 1,741 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 UNDP would phase out 1,888 ODP tonnes from approved and ongoing individual activities in 2008, based on the Fund Secretariat's classification of individual projects. Therefore, for consistency with the other agencies, the phase-out target should be 1,888 ODP tonnes.

32. UNDP has set a target of providing policy assistance to four out of six countries (Bangladesh, Barbados, Bolivia, Chile, El Salvador and Haiti) in 2008.

RECOMMENDATIONS

33. The Executive Committee may wish to consider:

- (a) Endorsing the 2008-2010 business plan of UNDP as contained in UNEP/OzL.Pro/ExCom/54/8, 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) HCFC activities;
 - (ii) Metered-dose inhaler activities;
 - (iii) ODS disposal activities;
 - (iv) Additional funds for UNDP's core unit to cover HCFC activities in advance of the outcome of the Executive Committee's consideration of the "Assessment of administrative costs required for the 2009-2011 triennium"; and
- (b) Requesting the UNDP to report to the 54th Meeting on the areas of possible overlap with activities other agencies' business plans and note the information provided as appropriate; and
- (c) Approving the performance indicators for UNDP set out in Table 2 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/54/8 while setting a target of 39 for the number of annual programmes of approved multi-year agreements (MYAs), a target of 27 for the milestone activities completed for MYAs, and 1,888 ODP tonnes for phase-out.

**54th Meeting of the Executive Committee of the Multilateral Fund for the
Implementation of the Montreal Protocol
(7 – 11 April 2008)**

UNDP 2008 BUSINESS PLAN NARRATIVE

1. Introduction

This narrative is based on two excel tables that are included as **annex 1** to this report.

- The first table lists all ongoing and planned activities for which funding is expected during the period 2008 through 2010 but also contains information for “after 2010” (which includes estimated information from 2011 through 2015).
- The second table lists the same activities, but also adds ongoing individual projects for which no further funding is required, but for which ODP phase out is expected during the same time frame. Unlike the first table, this one doesn’t include funding figures and while the former lists ODP phase out values corresponding to the expected budget that is listed in a given year, the latter only contains ODP phase out values which are listed in the year that they are supposed to be eliminated, i.e. at the completion of the activities.

While activities are included for 2008 and future years, it should be noted that planned activities included in the 2008 column are firm and future years are indicative and are provided for planning purposes only. This explains why the report is called “2008 Business Plan”.

Apart from the HCFC and ODS-Waste/Destruction activities, UNDP will prepare and submit 13 new TPMP activities over the course of 2008, which are mostly addressing the needs in the refrigeration servicing sub-sector, 11 projects in MDIs, and 10 requests for extension of institutional strengthening projects. UNDP will continue to implement 47 approved multi-year agreements out of which 27 will receive a new funding tranche in 2008. Furthermore, UNDP will be requesting 4 project preparation activities and will receive its yearly core unit funding. Excluding HCFCs and ODS-Waste/Destruction activities, the total value of UNDP’s 2008 Business Plan including support costs is US\$ 19.6 million.

Taking into account the decisions taken at the 19th Meeting of the Parties with regards to HCFCs, UNDP has included 41 countries in its business plan, out of which 37 will include requests for project preparation and demonstration projects in 2008. As for ODS-Waste/Destruction Management, project preparation for 7 countries were included, which would result in refrigerator de-manufacturing pilot programmes in 2009/2010. When these activities are included, the total value of UNDP’s 2008 Business Plan including support costs is US\$ 31.8 million.

2. Resource allocation

The excel tables are grouped into various categories, which are reflected in the following summary table.

TABLE 1 – UNDP Business Plan Resource Allocations

Category	2008	2009	2010	After	TOTAL
1. Approved Multi-Year	7,297	4,003	509	180	11,989
2. Planned Inst. Str.	2,280	2,559	2,280	13,004	20,124
3. Core Unit Support	2,358	2,428	2,501	10,777	18,064
4. Planned TPMPs	1,725	1,521	152	-	3,397
5. Planned / Individual	2,752	-	-	-	2,752
6. Planned / Multi-Year	3,200	15,000	-	-	18,200
7. HCFC	11,486	70,898	70,898	70,554	223,836
8. ODS Waste Disposal	656	5,913	5,913	-	12,481
TOTAL	31,753	102,321	82,253	94,516	310,842

Notes:

- All values in US\$ '000 and include agency support costs.
- Column "After" covers projects from 2011 through 2015 (even though HCFC activities were only projected through 2012)
- The Core Unit includes a separate request for HCFC-start-up costs (see paragraph 4.8)

3. Geographical distribution

UNDP will again cover all regions, with approved MYAs and new activities in 73 countries, 58 of which have funding requests in 2008. The number of countries, activities and budgets per region for 2008 is listed in table 2.

TABLE 2 – UNDP 2008 MYA Tranches and New Activities per Region

	Nr of Countries	Nr of Activities	2008 Value
AFR	14	26	3,951
ASP	14	50	13,382
EUR	4	12	995
LAC	26	72	11,151
Total	58	160	29,479

Notes:

- "2008 Values" in US\$ '000 and include agency support costs.
- The Global entry for the Core Budget for the agency is not included, which explain why the total for 2008 is different than in table 1.

4. Programme Expansion in 2008

4.1. Background

UNDP's 2008-2010 Business Plan has been developed by drawing upon the analysis provided by the Multilateral Fund's strategic planning framework, through communication with countries that have expressed an interest in working with UNDP to address their compliance and other needs, as well as through negotiation and discussion with the MLF Secretariat and other Implementing Agencies during and post the Inter-Agency meeting held on 29-30 January 2008 in Montreal.

Countries Contacted. Except for the activities which were deferred from last year's business plan, UNDP communicated with each of the countries that figure in the plan -- especially when activities related to HCFCs and ODS-waste/Destruction. Correspondence indicating an interest in working with UNDP was received from these countries.

Coordination with other bilateral and implementing agencies. As it has done in the past, during 2008 UNDP will continue to collaborate with both bilateral and other implementing agencies. Collaborative arrangements in programming will continue with the Government of Canada, the Government of Japan, the Government of Germany and the Government of Italy, as well as with UNEP.

4.2. ODP Impact on the 3-year Phase-out Plan

In the next table – which is based on the first excel sheet of annex 1 – the ODP amount listed in a given year corresponds to the US\$ amount that is approved in that same year. This is even the case for the approved/multi-year category, where the overall cost-effectiveness was applied to each individual funding tranche.

TABLE 3 - Impact upon Project Approval (phase-out in ODP T)

Chemical	2008	2009	2010	After	TOTAL
CFC	1,387.8	1,092.3	104.7	103.2	2,688.1
CTC	-	-	-	-	-
TCA	45.7	45.7	-	-	91.5
Halons	-	-	-	-	-
MeBr	51.3	-	-	-	51.3
HCFC	-	3,932.3	3,932.3	2,996.9	10,861.5
ODS-Waste	-	393.8	393.8	-	787.5
TOTAL	1,484.8	5,464.1	4,430.7	3,100.1	14,479.8

Notes:

- Tonnage in ODP and based on date of project approvals
- Column “After” covers projects from 2011 through 2015 (even though HCFC activities were only projected through 2012)
- Most ODP for CFCs “after 2010” relate to automatic CFC-deductions for Institutional Strengthening projects of non-LVC countries and are therefore not to be seen as real phase-out.

If however the ODP impact were calculated at the time of project completion rather than at the time of approval, the table would look as in the next table 4, which is based on the second excel sheet of annex 1. As already mentioned in the introduction of this narrative, the figures are not only different because of different timing, but also because they include ongoing individual projects that will be completed over the next few years. As these projects have been approved before 2008, the ODP of such projects are zero in the above table (ODP at date of approval), but will add a considerable amount in the table below (ODP at date of completion).

TABLE 4 – Impact upon project completion (phase-out in ODP T)

Chemical	2008	2009	2010	After	TOTAL
CFC	2,278.8	1,187.1	639.7	817.7	4,923.3
CTC	2.1	-	-	-	2.1
TCA	99.0	84.0	85.0	-	268.0
Halons	773.1	2.1	1.1	-	776.3
MeBr	54.0	60.0	114.0	-	228.0
HCFC	-	-	-	10,861.5	10,861.5
ODS-Waste	-	-	-	787.5	787.5
TOTAL	3,207.0	1,333.2	839.8	12,466.7	17,846.7

Notes:

- Tonnage in ODP and based on date of project completions
- Column “After” covers projects from 2011 through 2015 (even though HCFC activities were only projected through 2012)

4.3. Project preparation

Requests for project preparation that will be submitted in 2008 are listed in annex 1, and the table below shows that there are 48 such activities amounting to US\$ 3,531,350, including support costs. More details on these requests is provided in the following paragraphs related to HCFCs (see 5.1) and ODS Waste Management/Destruction (see 5.3), and will also be included in the respective Work Programmes to be submitted in 2008. They include 3 requests for TPMPs, one for MDIs, 7 for ODS-Waste/Destruction programmes and 37 for HCFCs:

TABLE 5 – Project Preparation in 2008

Category	Country	Chemical	Title	'000 US\$	Remark
Non-HCFC/Waste	Barbados	CFC	PRP for Refrigeration Servicing	16.1	With UNEP
Non-HCFC/Waste	Brunei Darussalem	CFC	PRP for Refrigeration Servicing	16.1	With UNEP
Non-HCFC/Waste	Haiti	CFC	PRP for Refrigeration Servicing	16.1	With UNEP
Non-HCFC/Waste	Pakistan	CFC	PRP for Strat & MDI-Investment	64.5	No TPMP approved
HCFCs	Angola	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Argentina	HCFC	PRP to prepare Phaseout Management Plan	86.0	
HCFCs	Armenia	HCFC	PRP to prepare Phaseout Management Plan	64.5	
HCFCs	Bangladesh	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Bolivia	HCFC	PRP to prepare Phaseout Management Plan	53.8	With GTZ
HCFCs	Brazil	HCFC	PRP to prepare Phaseout Management Plan	107.5	With GTZ
HCFCs	Cambodia	HCFC	PRP to prepare Phaseout Management Plan	53.8	With UNEP
HCFCs	Chile	HCFC	PRP to prepare Phaseout Management Plan	80.6	
HCFCs	China	HCFC	PRP to prepare Phaseout Management Plan	215.0	Solvents / Ref Manuf
HCFCs	Colombia	HCFC	PRP to prepare Phaseout Management Plan	86.0	
HCFCs	Costa Rica	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Cote d'Ivoire	HCFC	PRP to prepare Phaseout Management Plan	80.6	
HCFCs	Cuba	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Dominican Rep	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	El Salvador	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Fiji	HCFC	PRP to prepare Phaseout Management Plan	43.0	
HCFCs	Gabon	HCFC	PRP to prepare Phaseout Management Plan	53.8	With UNEP
HCFCs	Gambia	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Georgia	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Ghana	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	India	HCFC	PRP to prepare Phaseout Management Plan	107.5	
HCFCs	Indonesia	HCFC	PRP to prepare Phaseout Management Plan	107.5	
HCFCs	Iran	HCFC	PRP to prepare Phaseout Management Plan	80.6	
HCFCs	Jamaica	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Kyrgyzstan	HCFC	PRP to prepare Phaseout Management Plan	64.5	
HCFCs	Lebanon	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Malaysia	HCFC	PRP to prepare Phaseout Management Plan	107.5	
HCFCs	Mexico	HCFC	PRP to prepare Phaseout Management Plan	107.5	
HCFCs	Moldova	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Nepal	HCFC	PRP to prepare Phaseout Management Plan	53.8	With UNEP
HCFCs	Nigeria	HCFC	PRP to prepare Phaseout Management Plan	215.0	
HCFCs	Panama	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Paraguay	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Peru	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Sri Lanka	HCFC	PRP to prepare Phaseout Management Plan	53.8	With UNEP
HCFCs	Trinidad & Tob	HCFC	PRP to prepare Phaseout Management Plan	53.8	
HCFCs	Uruguay	HCFC	PRP to prepare Phaseout Management Plan	80.6	
ODS Waste	Brazil	CFC	PRP to prepare ODS Waste/Destruction Pilot	118.3	In coop with GTZ
ODS Waste	Colombia	CFC	PRP to prepare ODS Waste/Destruction Pilot	64.5	With Japan
ODS Waste	Cuba	CFC	PRP to prepare ODS Waste/Destruction Pilot	64.5	With Japan
ODS Waste	Egypt	CFC	PRP to prepare ODS Waste/Destruction Pilot	107.5	
ODS Waste	India	CFC	PRP to prepare ODS Waste/Destruction Pilot	118.3	
ODS Waste	Indonesia	CFC	PRP to prepare ODS Waste/Destruction Pilot	107.5	
ODS Waste	Lebanon	CFC	PRP to prepare ODS Waste/Destruction Pilot	75.3	
	48			3,531.350	

4.4. Non-investment projects

Also including in annex 1 are UNDP's 57 individual planned demonstration and technical assistance projects with a total value of US\$ 8,949,725 including support costs. Here also, more details on these requests is provided in the following paragraphs related to HCFCs and MDIs, and will also be included in the respective Work Programmes to be submitted throughout 2008.

TABLE 6 – Individual Non-Investment projects (TAS) in 2008

Category	Country	Type	Title	'000 US\$
HCFC Demonstrations	Angola	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Argentina	DEM	Demonstration in Foam	268.8
HCFC Demonstrations	Argentina	DEM	Demonstration in Refr Manuf	268.8
HCFC Demonstrations	Armenia	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Bangladesh	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Bolivia	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Brazil	DEM	Demonstration in Foam	537.5
HCFC Demonstrations	Brazil	DEM	Demonstration in Refr Manuf	537.5
HCFC Demonstrations	Cambodia	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Chile	DEM	Demonstration in Refr Manuf	215.0
HCFC Demonstrations	China	DEM	Demonstration in Solvents	215.0
HCFC Demonstrations	Colombia	DEM	Demonstration in Foam	215.0
HCFC Demonstrations	Colombia	DEM	Demonstration in Refr Manuf	215.0
HCFC Demonstrations	Colombia	DEM	Demonstration in Flushing	215.0
HCFC Demonstrations	Costa Rica	DEM	Demonstration in Foam	161.3
HCFC Demonstrations	Costa Rica	DEM	Demonstration in Refr Manuf	161.3
HCFC Demonstrations	Cote d'Ivoire	DEM	Demonstration in Refr Manuf	150.5
HCFC Demonstrations	Cuba	DEM	Demonstration in Refr Manuf	53.8
HCFC Demonstrations	Dominican Rep	DEM	Demonstration in Foam	107.5
HCFC Demonstrations	Dominican Rep	DEM	Demonstration in Refr Manuf	107.5
HCFC Demonstrations	El Salvador	DEM	Demonstrations in Foam, Flushing and Refr	241.9
HCFC Demonstrations	Fiji	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Gabon	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Gambia	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Georgia	DEM	Demonstration in Refr Manuf	129.0
HCFC Demonstrations	Ghana	DEM	Demonstration in Refr Manuf	129.0
HCFC Demonstrations	India	DEM	Demonstration in Foam	537.5
HCFC Demonstrations	India	DEM	Demonstration in Refr Manuf	537.5
HCFC Demonstrations	Indonesia	DEM	Demonstration in Foam	268.8
HCFC Demonstrations	Indonesia	DEM	Demonstration in Refr Manuf	268.8
HCFC Demonstrations	Iran	DEM	Demonstration in Foam	161.3
HCFC Demonstrations	Iran	DEM	Demonstration in Refr Manuf	161.3
HCFC Demonstrations	Jamaica	DEM	Demonstration in Refr Servicing	129.0
HCFC Demonstrations	Kyrgyzstan	DEM	Demonstration in AC Sector	129.0
HCFC Demonstrations	Kyrgyzstan	DEM	Demonstration in Flushing	129.0
HCFC Demonstrations	Lebanon	DEM	Demonstration in Foam	161.3
HCFC Demonstrations	Lebanon	DEM	Demonstration in Refr Manuf	161.3
HCFC Demonstrations	Malaysia	DEM	Demonstration in Foam	268.8
HCFC Demonstrations	Malaysia	DEM	Demonstration in Refr Manuf	268.8
HCFC Demonstrations	Mexico	DEM	Demonstration in Foam	322.5
HCFC Demonstrations	Moldova	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Nepal	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Nigeria	DEM	Demonstration in Foam/Ser v Sect	107.5
HCFC Demonstrations	Panama	DEM	Demonstration in Servicing	53.8
HCFC Demonstrations	Peru	DEM	Demonstration in Foam	107.5
HCFC Demonstrations	Peru	DEM	Demonstration in Refr Manuf	107.5
HCFC Demonstrations	Sri Lanka	DEM	Demonstration in Refr Sector	107.5
HCFC Demonstrations	Sri Lanka	DEM	Demonstration in Foams Sector	107.5
HCFC Demonstrations	Trinidad & Tob	DEM	Demonstration in Refr Manuf	107.5
HCFC Demonstrations	Uruguay	DEM	Demonstration in Refr Servicing	53.8
MDI transition Strategy	Armenia	TAS	MDI transition Strategy	32.3
MDI transition Strategy	Bolivia	TAS	MDI transition Strategy	32.3
MDI transition Strategy	Chile	TAS	MDI transition Strategy	32.3
MDI transition Strategy	Dominican Rep	TAS	MDI transition Strategy	32.3
MDI transition Strategy	Ghana	TAS	MDI transition Strategy	32.3
MDI transition Strategy	Lebanon	TAS	MDI transition Strategy	32.3
MDI transition Strategy	Panama	TAS	MDI transition Strategy	32.3
57				8,949.7

In addition, UNDP will prepare 10 non-investment Institutional Strengthening projects in 2008, as indicated in the table below. The total value of IS renewal programming in 2008 is US \$2,280,371

TABLE 7 – Non-Investment Institutional Strengthening requests

Country	Title	'000 US\$
Trinidad and Tobago	Extension Institutional Strengthening	64.5
Sri Lanka	Extension Institutional Strengthening	144.1
Ghana	Extension Institutional Strengthening	149.5
Uruguay	Extension Institutional Strengthening	162.1
Lebanon	Extension Institutional Strengthening	166.7
Iran	Extension Institutional Strengthening	186.5
Nigeria	Extension Institutional Strengthening	279.5
Venezuela	Extension Institutional Strengthening	306.9
India	Extension Institutional Strengthening	401.2
China	Extension Institutional Strengthening	419.3
10		2,280.4

4.5. Submission of new tranches of ongoing Multi-Year agreements in 2008.

UNDP has currently 47 ongoing Multi-Year agreements (including ongoing TPMPs) of which 27 would need to receive an additional funding tranche in 2008. The total from these tranches in 2008 would amount to US\$ 7,296,685. They are as listed below.

TABLE 8 – Ongoing Multi-Year Agreements and their funding in 2008

Country	Chemical	Title	'000 US\$
Bahrain	CFC	Phaseout plan CFC phase out plan	43.0
Bangladesh	CFC	Phaseout plan CFC phase out plan	757.9
Belize	CFC	Terminal Phaseout Management Plan	
Bolivia	CFC	Terminal Phaseout Management Plan (CFC)	238.7
Bolivia	CTC	Terminal Phaseout Management Plan (CTC)	
Brazil	CFC	Phaseout plan CFC phase out plan	262.5
Cambodia	CFC	Terminal Phaseout Management Plan	
Chad	CFC	Terminal Phaseout Management Plan	
China	TCA	Solvent Sectoral phaseout plan	1,591.0
Colombia	CFC	ODS Phase Out Plan (CFC)	
Colombia	Halons	ODS Phase Out Plan (Halons)	
Comoros	CFC	Terminal Phaseout Management Plan	34.9
Congo DR	CFC	CFC phase out plan	77.3
Costa Rica	CFC	Terminal Phaseout Management Plan	215.0
Costa Rica	MeBr	Fumigant Methyl bromide	781.3
Cuba	CFC	ODS phase out plan	114.0
Djibouti	CFC	Terminal Phaseout Management Plan	
Dominica	CFC	CFC phase out plan	49.1
Dominican Rep	CFC	CFC phase out plan	227.5
El Salvador	CFC	Terminal Phaseout Management Plan	247.3
Gabon	CFC	Terminal Phaseout Management Plan	43.6
Gambia	CFC	Terminal Phaseout Management Plan	
Georgia	CFC	Terminal Phaseout Management Plan	
Ghana	CFC	Terminal Phaseout Management Plan	

continued on next page

TABLE 8 – Continued

Country	Chemical	Title	'000 US\$
Grenada	CFC	CFC phase out plan	54.5
Guyana	CFC	Terminal Phaseout Management Plan	
India	CFC	Refrigeration Servicing	163.8
Indonesia	CFC	Refrigeration Manufacturing	197.3
Indonesia	CFC	Refrigeration Servicing	
Kyrgyzstan	CFC	Phaseout plan CFC phase out plan	67.7
Lebanon	CFC	Phaseout plan CFC phase out plan	69.9
Liberia	CFC	Terminal Phaseout Management Plan	
Malawi	CFC	Terminal Phaseout Management Plan	
Maldives	CFC	Terminal Phaseout Management Plan	
Mali	CFC	Terminal Phaseout Management Plan	
Mauritania	CFC	Terminal Phaseout Management Plan	
Moldova	CFC	Terminal Phaseout Management Plan	163.9
Nepal	CFC	Terminal Phaseout Management Plan	27.3
Nigeria	CFC	Phaseout plan CFC phase out plan	1,397.7
Panama	CFC	Phaseout plan CFC phase out plan	197.8
Paraguay	CFC	Terminal Phaseout Management Plan	150.5
Rwanda	CFC	Terminal Phaseout Management Plan	
Samoa	CFC	Terminal Phaseout Management Plan	
St Kitts and Nevis	CFC	Phaseout plan CFC phase out plan	49.1
St Vincent & the Grenadines	CFC	Phaseout plan CFC phase out plan	22.9
Uruguay	CFC	Phaseout plan CFC phase out plan	51.6
Zambia	CFC	Terminal Phaseout Management Plan	
	47	27	7,296.7

4.6. Formulation of new TPMPs in 2008

While UNDP has prepared and received approvals for 23 new Terminal Phaseout Management Plans (TPMPs) in 2007, 13 new TPMP requests will be formulated in 2008 which will be jointly done with UNEP.

This activity will receive highest priority as it will represent the only remaining financial assistance to tackle CFCs before the final phase out target of 1 January 2010. They are listed in the following table. However, in some cases, efforts are being delayed because some countries have not adopted the London Amendment, while others do not yet have a functioning licensing system in place. The Executive Committee has ruled that for such cases, TPMPs cannot be approved.

TABLE 9 – New TPMPs in 2008

Country	Title	'000 US\$	Remark
Angola	Terminal Phaseout Management Plan	139.8	With UNEP
Barbados	Terminal Phaseout Management Plan	79.3	With UNEP
Brunei Darussalem	Terminal Phaseout Management Plan	139.8	With UNEP
Guatemala	Terminal Phaseout Management Plan	151.8	With UNEP
Haiti	Terminal Phaseout Management Plan	151.8	With UNEP
Mozambique	Terminal Phaseout Management Plan	129.0	With UNEP
Nicaragua	Terminal Phaseout Management Plan	139.8	With UNEP
Peru	Terminal Phaseout Management Plan	151.8	With UNEP
Sierra Leone	Terminal Phaseout Management Plan	139.8	With UNEP
Suriname	Terminal Phaseout Management Plan	92.7	With UNEP
Swaziland	Terminal Phaseout Management Plan	92.7	With UNEP
Tanzania	Terminal Phaseout Management Plan	151.8	With UNEP
Togo	Terminal Phaseout Management Plan	116.1	With UNEP
13		1,676.2	

4.7. Investment Projects in 2008 (except for TPMPs).

Only 4 investment projects will be submitted in 2008. Three of them are MDI manufacturing conversion programme and one is a process agent project for Brazil. Three of these proposals are individual, while one (India) would be a multi-year agreement.

TABLE 10 – Investment Programmes in 2008

Country	Title	'000 US\$
Colombia	MDI Investment Project	185.0
Pakistan	MDI Investment & strat Project	1,009.1
Brazil	Solvents, Process Agents	1,266.9
India	MDI Investment Project	3,200.0
		5,661.0

4.8. Request of UNDP-MPU's Core Funding

As is the case every year, UNDP will request funding for the operation of its core unit funding at the last ExCom meeting of the year.

However, an additional request called “HCFC Start-up Costs” is being added in addition to the usual amount of core-funding, and this for a 3-year period. The need for such additional request in support cost is to allow the agency to cope with the simultaneous peak of activity resulting from the 2010 CFC total phaseout in a large number of LVCs, combined with the need to initiate HCFC activities rapidly, as described in length in paragraphs 5.1 and 6.3 below.

As the CFC-activities are likely to decrease significantly after 2010, UNDP only requests the start-up cost for 2008, 2009 and 2010 for US\$ 500,000 per year, adjusted with a 3% inflation rate in 2009/2010.

5. Activities included in the Business plan that needs special consideration.

While the preceding paragraph 4 of this report dealt specifically with 2008 activities only, this and following paragraphs are relating to 2008 and future years.

5.1. HCFCs

During 2006/2007 UNDP has assisted twelve countries (Argentina, Brazil, Colombia, India, Indonesia, Iran, Lebanon, Malaysia, Mexico, Syria, Sri Lanka, and Venezuela) to complete their HCFC surveys and has submitted the reports to the Executive Committee. In view of increased concerns related to the large growth of HCFC consumption, several countries have requested inclusion in the last year's Business Plan to conduct additional surveys as well as to prepare HCFC-strategies and follow-up investment activities. However, having found that such requests were premature without clear guidance from the Meeting of the Parties, the Executive Committee decided to defer all such requests to 2008 and future years.

Meanwhile, important decisions on HCFCs were taken by the Meeting of the Parties at its 19th meeting in September 2007, and as a result the 53rd meeting of the Executive Committee took decision 53/37 related to HCFCs which requests the MLF Secretariat to prepare guidelines for "HCFC phase-out management plans incorporating HCFC surveys, taking into consideration comments and views relating to such guidelines expressed by Executive Committee members at the 53rd Meeting and the submissions to the 54th Meeting referred to in paragraph (1) below, and that the Executive Committee would do its utmost to approve the guidelines at its 54th Meeting". At the time of writing this narrative, these guidelines are currently being reviewed by the implementing agencies.

As far as the overarching strategy for "full phaseout", it is UNDP's views that it is too early to establish and therefore the HCFC Management Plans should be prepared following a staged approach which will focus on the 2013 and 2015 targets now, followed by a review process to look into longer-term actions required, at a later stage.

UNDP has thus included three types of HCFC-related activities in its business plan which are described in more details in the following paragraphs:

- requests for project preparation (2008)
- demonstration projects (2008)
- follow-up investment programmes (2009-2015)

Project Preparation (2008).

Further to written requests received from the countries concerned, UNDP is submitting to the 54th meeting of the Executive Committee, 37 project preparation activities (see table 5 in paragraph 4.3) to assist countries to prepare their HCFC Management Plans focusing first on helping countries to reach the 2013 freeze and the 2015 10%- reduction control measures for HCFCs. While conducting such project preparation activities, UNDP will fully take into account the new HCFC guidelines which will be considered at the 54th meeting of the Executive Committee.

The 12 surveys finalized were very helpful to those 12 countries and they are ready to start immediately the work needed to finalize the required action plan to meet the tight reduction schedule until 2015. Others will have to move fast to be able to meet agreed targets. For the twelve countries which already received funding to conduct a survey, the requested PRP funds were proportionally decreased. These requests will be included in UNDP's Work Programme to be submitted simultaneously to the business plan.

Demonstration Projects (2008).

Table 6 in paragraph 4.4 provides a list of demonstration projects being submitted at the same time as the requests for project preparation. These are being submitted in view of the rapidly changing market, technology options and the special situation within each individual country and one of the aims of such demonstrations is to find cost-saving methods to the MLF in order to carry out HCFC-investment activities in future years. More details in this connection are provided in the following bullet-points:

- As the conversion from HCFCs progressed in developed countries, so did technology options. Such developments can be divided into cost optimization, blends of known substances and newly developed, zero ODP, low GWP substances. Just in the foam industry there are at least five (5) alternatives to “business as usual” and in the RAC sectors, where blending has been developed into an “art”, even more.
- These approaches have, with few exceptions, not yet been applied in developing countries. The general assumption that they will work in developing countries - just as well and without piloting - would be optimistic and ignoring expensive lessons learned from the virtually completed CFC phaseout in manufacturing applications.
- In view of that and the special situation of individual countries, it is deemed necessary to further the testing of the application of the current non-HCFC technologies in different sectors in order to verify the feasibility of conversion, looking at application of low or zero GWP technologies, costs, including potential cost reduction, and of the application of low or zero GWP technologies.
- It is also necessary to demonstrate the technical and economic viability of the proposed alternatives locally by initiating awareness-raising efforts. This would be carried out by involving local stakeholders, such as industry-associations, major technicians and chemical distributors in this technology transfer process in order to raise much-needed confidence at the local level.

In our view this is also critical to ascertain in a more realistic way the conversion costs and demonstrate the potential to reduce it, as well as to bring to the committee any technology conversion issues identified. It is UNDP’s opinion that the small surcharge related to supply investigation, extra prototyping and testing avoids costly mistakes in subsequent projects and is therefore cost-effective. It also would provide the MLF with valuable cost information early in the phaseout process.

Let us not forget that for CFCs, article-5 countries almost had 8 years to experiment with the various available technologies before the 1999 CFC-freeze kicked in, while this is now reduced to barely 2 years for HCFCs. It is therefore deemed essential to start these demonstration efforts immediately, so that the results may be incorporated into the HCFC Management Plans activities that will come forward from 2009 on.

Follow-up Investment Programmes (2009-2015)

As can be seen from the time-chart below, HCFC Management Programmes should be approved from early 2009 onwards in order to achieve the 2013 and 2015 benchmarks. In view of the typical implementation-time of 2 years (optimistic), there is absolutely no time to waste, failing which it will be very hard for countries to meet the first two HCFC benchmarks.

2008	2009	2010	2011	2012	2013	2014	2015
PRP and Demos							
	Approval of tranche 1 of HCFC-freeze plan	Approval of tranche 2 of HCFC-freeze plan					
			Completion of tranche 1 of HCFC-freeze plan	Completion of tranche 2 of HCFC-freeze plan			
					HCFC freeze achieved		
			Approval of tranche 1 of 10%-reduction plan	Approval of tranche 2 of 10%-reduction plan			
					Completion of tranche 1 of 10%-reduction plan	Completion of tranche 2 of 10%-reduction plan	
							10% reduction achieved

This is also how UNDP programmed funding-needs for HCFCs in its current business plan. Programme entries were separated between HCFC-141b and HCFC-22 needs on the one hand, and between the needs to achieve the HCFC-freeze and the 10%-Reduction benchmarks on the other hand. In countries where both HCFCs are present, the total needs till 2015 are therefore split out over four rows in the business plan tables.

To arrive at the estimated costs for the HCFC Management Plans, UNDP has used its cost-calculator / model which it developed prior to the MOP last September and which has been updated to take into consideration the agreed control targets. The model uses the latest HCFC consumption data reported by article-5 countries. For the 12 survey-countries, we applied specific sector distribution and growth-factor for each country based on the survey-results, while for all other countries, an average sector-distribution and growth-factor was used. Cost-effectiveness values were based on ODP-values and on preliminary technical fact-sheets that were prepared by UNDP which took market situation as well as technical development factors and price of alternatives into account. As mentioned, these costs may become significantly lower if the proposed demonstration projects can demonstrate that cost-savings can be attained in the various subsectors involved. Where we were informed that other agencies would also work in the same countries, deductions were made in the estimated costs accordingly.

5.2. MDIs

MDI Transition Strategies.

MOP Decision XII/2 (7) requests the Executive Committee to consider providing technical, financial and other assistance to Article 5(1) Parties to facilitate the development of metered-dose inhaler transition strategies and the implementation of approved activities contained therein. This is why Executive Committee Decision 45/54 (e) allowed for this and why UNDP has included 7 MDI-Strategies for countries that do not manufacture MDIs (see above paragraph 4.4). The same Decision of the MOP (6a) encourages each Article 5(1) Party to develop a transition strategy and submit the text of any such a strategy to the Ozone Secretariat by 31 January 2005 and report to the Secretariat by 31 January each year thereafter on progress made on transition to CFC free MDIs. Article 5(1) countries have not made progress in meeting this request from Parties so far. In the absence of preparatory funds for the Transition Strategy, which would allow the country to identify the situation of the sector, the number of asthma sufferers and their medication needs, products available in the market, price etc., no progress can be made as the country is unable to identify properly where it stands as far as the sector is concerned. In view of this, UNDP will include the requests from those countries in its Work Programme throughout 2008.

We wish to note that decision 51/34 provides additional clarifications as to the conditions that a country needs to meet in order to be eligible to receive funding for an MDI transition strategy. It does refer to decision 45/54 on TPMPs in this regard, which allowed countries to add US\$ 30,000 to the recommended maximum TPMP-amount if it wishes to include an MDI transition strategy. However, nowhere does decision 45/54 state that the US\$ 30,000 for MDIs **has to be** part of the TPMP submission. UNDP

therefore believes it is acceptable that for those countries that did not include such request in their TPMPs, a separate request for US\$ 30,000 could still be submitted in 2008. A clarification on this point from the Executive Committee would be very helpful.

MDI Investment Activities.

Inclusion of MDI-related activities was also considered in the light of ExCom Decision 50/6 (a) mentioned above in paragraph 4.7 (3 MDI-investment projects).

Decision XVIII/16 of the Meeting of the Parties (MOP) recognized the difficulties faced by countries on metered-dose inhaler transition and requested the Executive Committee to consider as a matter of urgency the funding of projects in relation to article-5 countries that experience difficulties due to high CFC consumption for manufacturing of MDIs and to review its Decision 17/7 on eligibility criteria related to cut off date.

After this Decision of the 18th MOP, the Executive Committee approved other MDI projects and project preparation funds requests, on a case by case basis. One project was approved last meeting and another one was not, even though both got recommended by the Secretariat. Colombia, that got its request denied, requested an explanation from UNDP, but due to lack of clarity during the deliberations, UNDP was unable to provide a clear explanations to the country. UNDP has been asked by Colombia to re-submit the request for project preparation for MDI and include it in the UNDP 2008 Business Plan. UNDP needs guidance from the Committee on this matter.

During the years remaining until full phase out of CFCs, manufacturing countries with high consumption of MDIs will have difficulties to remain in compliance, unless their MDI sector is tackled soon. Additional requests for information on top of other impediments, required postponement of the project preparation request for India and Pakistan to 2008 and both are included in UNDP's business plan.

5.3. Waste Management/Destruction

For the last few years, UNDP has continuously been requested by some countries to include in its Business Plan, activities that would help them to manage their stocks of ODS which can not be reused, as well as the ODS-containing waste, in a sound way. These stocks/waste are dispersed in the countries, in old equipment, containers, cylinders, and to say the least, in the millions of appliances in the countries. Without proper regulatory framework and a programme to deal with them, they are improperly handled and disposed of, adding to the ODS emissions to the atmosphere.

With the CFC phaseout approaching, its increasing price, and the establishment and implementation of the recovery schemes in many countries, those banks of unwanted ODS are increasing, not counting illegally traded ODS, apprehended as a result of the enforcement of legislation in place.

In addition, if one considers ODS containing foams, those banks are really large and potential for sustainable recovery and disposal programmes exist, especially in countries that have reclamation facilities and are engaging in refrigeration replacement and other programs to manage ODS and reduce demand, which also bring important energy savings benefits.

The potential for recovery, proper management and disposal of such unwanted ODS banked, has been proven as being possible in developed countries. The business model can be sustainable if certain conditions are in place. Those need to be ascertained for the different countries as they vary from country to country.

Developing countries lack access to that information and to technical and financial assistance to help them to understand the issues, size them, and be able to design a management system / business model, estimate costs and partnerships needed for such programme to happen, an identify sources of finance.

Demonstration projects would bring the seed money necessary to identify their current situation and potential public-private partnerships, and bring “lessons learned” from developed countries that will help them to think through and establish a solid “unwanted ODS” management system taking into account considerations of sound management of chemicals, as well as finding sound environment solutions that will benefit both ozone and climate.

6. MEASURES TO EXPEDITE IMPLEMENTATION OF APPROVED PROJECTS AND THOSE CRITICAL TO COMPLIANCE

6.1. Phase-out from Approved Ongoing Individual Projects.

Table 11 below indicates the amount that will be phased out from approved, ongoing individual projects.

TABLE 11 – Phase-out from Approved Ongoing Individual projects (ODP tonnes)

Chemical	2008	2009	2010	After	TOTAL
CFC	1,082.0	164.0	-		1,246.0
CTC	2.0	-	-		2.0
TCA	14.0	-	-		14.0
Halons	772.0	1.0	-		773.0
MeBr	18.0	-	-		18.0
HCFC	-	-	-		-
ODS-Waste	-	-	-		-
TOTAL	1,888.0	165.0	-	-	2,053.0

The total amount reported in the same table last year was 2,445, two years ago it was 3054 and three years earlier 4,497 ODP tonnes. The amount of tonnes to be phased out in individual ongoing projects is going down each year. This is due to the fact that most new approvals are in the form of “multi-year agreements” rather than “individual projects”.

It should however be noted that information about 2008 project completion only becomes available at progress report time, so that the above figures are only estimates and may in fact become lower (i.e. more may have been phased out in 2007). In addition one should note that, in 2006, the ODP of all RMP components were revised upwards by the MLFS to reflect true 85% CFC phase out. If not, the figures in the above table would also be significantly lower.

As mentioned in last year’s business plan, UNDP continues to make efforts to expedite the implementation of approved projects and especially for those that are critical to compliance. UNDP’s Montreal Protocol Unit (MPU) evaluates on an annual basis and adjusts the way it operates so as to better assist countries to comply with the MP control measures in accordance with the strategic direction provided by the Multilateral Fund during this triennium. The efforts will continue in 2008 as highlighted below:

6.2. Strengthening the Network of UNDP staff and Experts in the Field and Challenges

- In respect of implementation, upon the retirement of the MPU Deputy, UNDP redesigned the position and formulated TORs which were mostly focused on operations including M&E. The new Deputy has 15 years of experience in project/programme execution. Jointly with the Chief of the Unit, the new Deputy will use her experience to improve monitoring, follow up and trouble shooting as well as re-design the MPU operational structure, increasing flexibility and strengthening the focus on implementation.
- UNDP will continue to work with national consultants/ national associations/ partners at the country level so as to better address the needs of countries and speed up response time at the field level.
- Monitoring and evaluation of multi-year performance-based phase-out projects with agreements will continue to be conducted in close cooperation with national experts and government focal points as well as with other IAs.
- While UNDP believes that enhanced field presence allows for more direct supervision of activities, UNDP continues to encounter difficulties for LVCs in which RMP components and TPMPs are being implemented as the level of support cost does not allow for reimbursing the country office at a rate that would bring sufficient level of monitoring at the UNDP country office level and/or at the level of consultancy components to ensure smooth implementation.
- UNDP has shifted most of the daily management of its approved national and sector plans to implementation according to the National Execution (NEX) modality. This execution modality also serves to enhance the role of national experts and national institutions, thereby building national capacity, and is in line with the “Country-Driven Approach” recommended by the Executive Committee. UNDP continues to give preference to this modality.
- UNDP MP Unit is maintaining its outposted positions in Bangkok, Bratislava and Panama. As was the case from the outset, these posts are all funded 50/50 by the MLF and the GEF administrative budgets.
- In 2008 UNDP will continue to focus on follow up with executing agencies and country offices to financially close outstanding operationally completed projects in order to return remaining funds to MLF. Our finance team will continue to ensure adequate management of financial reporting and follow-up on requirements related to the implementation of national and sector phase-out plans, and maintain close contacts with Secretariat and Treasurer.
- With regards to the future HCFC work, upon approval of the Business Plan, UNDP will undertake an evaluation of current human resources capacity and core unit budget required to deliver the HCFC reduction to meet the 2013 freeze and the 2015 10%-reduction targets. UNDP is already operating with insufficient core unit resources which are stretched to the limit due to increasing workload to speed up implementation to reach the 2010 phaseout target, large number of small projects in LVCs with associated very low support costs. In this regard, UNDP is proposing a “HCFC start-up cost” as referred to in paragraphs 4.8 and 6.3 below.

6.3. Management and Supervision of National/Sector Plans

There are currently 47 ongoing Performance Based National and Sector Plans with UNDP which are listed above in paragraph 4.5.

- UNDP will continue to assist the countries in which it is implementing national and sector phase-out plans to establish and sustain the infrastructure for the National Implementation and Monitoring/ Management Units approved under the national/sector Plans, working closely with Government and operating under MLF and UNDP guidelines related to procurement of goods, data verification

requirements, proper financial management and auditing, as well as required reporting on the progress of the Plans.

- National ODS legislative and regulatory frameworks are assessed and, if deemed inadequate to support and sustain the target reductions contained in a performance-base agreement, are presented to the relevant Government authorities with suggested revisions. Monitoring of CFC imports and distribution will continue to be strengthened as a mechanism to prevent enterprises (who have converted) from making future purchases of CFCs. UNDP will also continue to assist countries put in place, or strengthen, verification mechanisms, both from a top-down approach - ensuring that appropriate licensing systems are in place, as well as a bottom-up approach – supporting enhancement of government registries that detail purchasers of CFCs, as well as enterprises that have been assisted by the Fund.
- As far as meeting agreed targets, UNDP and Government staff will continue to work in partnership to establish the mechanisms for preparation of projects to be funded under the Plans (in accordance with MLF guidelines, independent technical reviews etc.), as well as to monitor their implementation (procurement of equipment/materials, list of equipment to be destroyed, technology selection regulations, etc.). Reports on progress, key to measuring success of implementation and phase-out, as well as identifying challenges, are the result of a collaborative effort between National Management teams and UNDP.

UNDP believes that the aforementioned measures will continue to assist countries to expedite implementation, as well as allow for a comprehensive assessment of additional needs at the country-level, thereby more effectively supporting the compliance-driven model. Specific ODP related information on on-going UNDP projects, on a country-by-country basis, has been provided as part of the BP tables. The measures above are intended, as before, to be extended to all programming, on-going and planned, so as to maintain momentum, accelerate implementation where required, improve supervision, as well as financial accountability, at the field level.

As already pointed out in section 6.2 however, the number of on-going National Plans/TPMPs has increased substantially, from 26 in 2007 to 47. In addition, most of the new TPMPs are in low volume consuming countries with relatively lower budgets and associated support costs. As the work-volume is expected to rise significantly due to the new control measures related to HCFCs, this will put a lot of strain to UNDP's already limited staff resources which is even more critical given that the final CFC phase-out of 1 January 2010 is around the corner. UNDP is concerned about this situation and is proposing an increased level of core-funding beyond the usual 3% increase related to inflation as referred to in paragraphs 4.8 and 6.2 with regards to the "HCFC start-up costs".

6.4. Country Developments and UNDP Efforts to Address Compliance

6.4.1. UNDP efforts in countries addressed by the Implementation Committee and by the MOP

UNDP is working to assist a number of countries address their compliance commitments, following issues raised by the Implementation Committee in 2007 and corresponding decisions taken by the 19th Meeting of the Parties. These include countries where UNDP manages the Institutional Strengthening programmes, as well as countries where UNDP is playing a significant role in a particular sector. In addition to the measures mentioned above, the following efforts are being put in place:

Bangladesh: MOP decision XVII/27 requested Bangladesh to submit a report on implementation of its National Phase-out Plan. A revised Work Plan for the National Phase Out plan is being prepared. UNDP

has scheduled a mission in February 2008 to assist the Government and to discuss the revised work plan which will take into consideration the 2006 consumption data and the verification report.

Barbados: MOP decision XIX/26 requested the Government to report on the establishment of a licensing system. Until November 2008 RMP update activities were on hold, pending enactment of legislation. We have received evidence that it has been enacted and we have initiated our activities in Barbados.

Bolivia: MOP decision XIX/26 requested the Government to report on the establishment of a licensing system. UNDP contributes to the reduction of CFC consumption through timely implementation of UNDP TPMP components.

Chile: MOP decision XVII/29 requested the Government to submit an update on its regulatory commitments to introduce an enhanced ODS licensing and import quota system, and to submit an update on its TCA phase out projects. During 2007 UNDP took on oversight management of Chile's Institutional Strengthening and continued the implementation of the Solvents Technical Assistance Project. During the same year the country maintained compliance with TCA consumption levels achieved since 2006, and approved/started application of ODS legislation including licensing and quota system to import ODS. During 2008 UNDP will continue efforts to assist the country through the Institutional Strengthening in the application of the licensing system and through the completion of the Solvents Technical Assistance Project in maintaining compliance with TCA and ensuring sustainability of these results. As done in previous years, UNDP will continue providing the necessary assistance to the country to fulfill the requirements of the implementation committee, including the update report on the licensing system and the Solvents Technical Assistance Project, due on 29th February 2008.

Haiti: MOP decision XIX/26 requested the Government to report on the establishment of a licensing system. Pending approval of the ODS legislation, UNDP has not been able to start implementation of its project. Anticipating the approval of the legislation, we have hired an international consultant and we are in the process of hiring a local consultant to prepare the revised work plan and implement the adjusted RMP update. A new Ozone Officer entered office recently, and UNEP and UNDP have been guiding him in his new position.

El Salvador: MOP requested the Government to continue CTC phase out efforts. The TPMP for El Salvador was approved at ExCom 53. In order to assist El Salvador, we will try to see under the TPMP if some non-ODS alternatives exist for the CTC applications.

6.4.2. UNDP efforts to support verification of Article 7 data (in support of Decision 41/16)

As part of the activities that UNDP will undertake in 2007, and as done in the past for UNDP-IS countries, UNDP will continue to work with National Ozone Units in partner countries to verify the consistency of their Article 7 data reporting and project phase-out data presented. The underlying aim of such an exercise is to ensure the accuracy of data in order to facilitate verification of phase-out achievements and identify potential and/or existing problem areas, such that remedial action, as necessary, may be initiated. In addition, lessons learned and recommendations gathered from independent verification reports are taken into consideration by UNDP and partner Governments in order to enhance reliability and consistency of data reporting.

6.4.3 UNDP efforts to sustain implementation of servicing sector projects in countries where UNDP has received funds for implementation of RMPs/TPMPs and/or components thereof

UNDP has implemented, and continues to implement, many activities in the refrigeration servicing sector. These include: early MLF domestic and MAC sector recovery and recycling projects, full RMPs approved prior to Decision 31/48, recovery and recycling RMP components, both pre- and post-Decision 31/48, end-user incentive programmes and more recently Terminal Phase Out Management Plans (TPMPs). UNDP maintains an active cooperation with UNEP on the implementation of projects in the servicing sector, where UNEP manages the non-investment and UNDP the investment components. Over the course of 2008, UNDP will concentrate efforts on the formulation and implementation of TPMPs in order to assist countries in establishing strategic plans that allow for achievement of the 2007 CFC consumption reduction target and place them well on track to meet the upcoming 2010 100% phase-out target. UNDP will also collaborate in the formulation of Terminal Phase Out Plans required for compliance.

7. PERFORMANCE INDICATORS

UNDP 2008 Investment Project Performance Indicator Targets:

Decision 41/93 of the Executive Committee approved the following indicators to allow for the evaluation of performance of implementing agencies, with the weightings indicated in the table below. UNDP has added a column containing the “2008 targets” for those indicators. Some of these targets can be extracted from UNDP’s 2008 business plan to be approved at the 54th ExCom meeting in April 2008.

Category of performance indicator	Item	Weight	UNDP’s target for 2008	Remark
Approval	Number of annual programmes of multi-year agreements approved vs. those planned.	20	27	(See paragraph 4.5 above)
Approval	Number of individual projects/activities (DEM, INV, TAS, one-off TPMPs, TRA) approved vs. those planned	20	62	(7 TAS, 50 DEM, 3 INV, 2 one-offs TPMPs) (See paragraphs 4.4, 4.7)
Implementation	Milestone activities completed /ODS levels achieved for approved multi-year annual tranches vs. those planned	20	47	(See paragraph 4.5 above → 1 milestone per ongoing MYA)
Implementation*	ODP phased-out for individual projects vs. those planned per progress reports	5	1,265	(See Table 11 → 67% of 1888)
Implementation*	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	5	60	This can be better determined after progress report is submitted in May 08 but we took 60 as an estimate for the time being.
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	10	67%	4 out of 6 countries with compliance issues as listed in paragraph 6.4.1. will have received policy assistance by UNDP
Administrative	Speed of financial completion vs. that required per progress report completion dates	10	On time	
Administrative*	Timely submission of project completion reports vs. those agreed	5	On time	
Administrative*	Timely submission of progress reports and responses unless otherwise agreed	5	On time	

Annex 1 – See Excel Tables

Category	Country	Region	IA	LVC	Type	Chemical/ Substance	Short Title	Value (\$000) in 2008	ODP in 2008*	Value (\$000) in 2009	ODP in 2009*	Value (\$000) in 2010	ODP in 2010*	Value (\$000) after 2010	ODP after 2010	Approved MYA (Yes/ Blank)	A-Appr P-Plan'd	I-Individ M-Multi- Year	Remark
7. HCFC	Sri Lanka	ASP	UNDP	Non-LVC	PRP	HCFC	PRP to prepare Phaseout Management Pla	53.8						-	-		P	I	With UNEP
7. HCFC	Sri Lanka	ASP	UNDP	Non-LVC	DEM	HCFC	Demonstration in Refr Sector	107.5						-	-		P	I	
7. HCFC	Sri Lanka	ASP	UNDP	Non-LVC	DEM	HCFC	Demonstration in Foams Sector	107.5						-	-		P	I	
7. HCFC	Sri Lanka	ASP	UNDP	Non-LVC	INV	HCFC	HCFC-22 Freeze Phaseout Plan			104.3	1.9	104.3	1.9	-	-		P	M	With UNEP
7. HCFC	Sri Lanka	ASP	UNDP	Non-LVC	INV	HCFC	HCFC-22 10%-Reduction Phaseout Plan			-	-	-	-	107.0	1.7		P	M	With UNEP
7. HCFC	Syria	ASP	UNDP	Non-LVC	INV	HCFC	HCFC-141b Freeze Phaseout Plan			77.1	1.0	77.1	1.0	-	-		P	M	With UNIDO
7. HCFC	Syria	ASP	UNDP	Non-LVC	INV	HCFC	HCFC-141b 10%-Reduction Phaseout Plan			-	-	-	-	107.0	0.9		P	M	With UNIDO
7. HCFC	Syria	ASP	UNDP	Non-LVC	INV	HCFC	HCFC-22 Freeze Phaseout Plan			268.2	6.7	268.2	6.7	-	-		P	M	With UNIDO
7. HCFC	Syria	ASP	UNDP	Non-LVC	INV	HCFC	HCFC-22 10%-Reduction Phaseout Plan			-	-	-	-	238.7	6.0		P	M	With UNIDO
7. HCFC	Trinidad & To	LAC	UNDP	LVC	PRP	HCFC	PRP to prepare Phaseout Management Pla	53.8						-	-		P	I	
7. HCFC	Trinidad & To	LAC	UNDP	LVC	DEM	HCFC	Demonstration in Refr Manuf	107.5						-	-		P	I	
7. HCFC	Trinidad & To	LAC	UNDP	LVC	INV	HCFC	HCFC-22 Freeze Phaseout Plan			1,093.4	7.8	1,093.4	7.8	-	-		P	M	
7. HCFC	Trinidad & To	LAC	UNDP	LVC	INV	HCFC	HCFC-22 10%-Reduction Phaseout Plan			-	-	-	-	1,297.5	9.3		P	M	
7. HCFC	Uruguay	LAC	UNDP	LVC	PRP	HCFC	PRP to prepare Phaseout Management Pla	80.6						-	-		P	I	
7. HCFC	Uruguay	LAC	UNDP	LVC	DEM	HCFC	Demonstration in Foams Sector	53.8						-	-		P	I	
7. HCFC	Uruguay	LAC	UNDP	LVC	INV	HCFC	HCFC-22 Freeze Phaseout Plan			194.0	1.7	194.0	1.7	-	-		P	M	With UNIDO
7. HCFC	Uruguay	LAC	UNDP	LVC	INV	HCFC	HCFC-22 10%-Reduction Phaseout Plan			-	-	-	-	230.2	2.1		P	M	With UNIDO
7. HCFC	Venezuela	LAC	UNDP	Non-LVC	INV	HCFC	HCFC-141b Freeze Phaseout Plan			416.2	6.4	416.2	6.4	-	-		P	M	With UNIDO
7. HCFC	Venezuela	LAC	UNDP	Non-LVC	INV	HCFC	HCFC-141b 10%-Reduction Phaseout Plan			-	-	-	-	529.1	8.2		P	M	With UNIDO
7. HCFC	Venezuela	LAC	UNDP	Non-LVC	INV	HCFC	HCFC-22 Freeze Phaseout Plan			1,178.1	25.6	1,178.1	25.6	-	-		P	M	With UNIDO
7. HCFC	Venezuela	LAC	UNDP	Non-LVC	INV	HCFC	HCFC-22 10%-Reduction Phaseout Plan			-	-	-	-	1,497.8	32.6		P	M	With UNIDO
8. ODS Waste Disposal	Brazil	LAC	UNDP	Non-LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	118.3						-	-		P	I	In coop with GTZ
8. ODS Waste Disposal	Brazil	LAC	UNDP	Non-LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			1,075.0	75.0	1,075.0	75.0	-	-		P	M	In coop with GTZ
8. ODS Waste Disposal	Colombia	LAC	UNDP	LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	64.5						-	-		P	I	With Japan
8. ODS Waste Disposal	Colombia	LAC	UNDP	LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			537.5	37.5	537.5	37.5	-	-		P	M	With Japan
8. ODS Waste Disposal	Cuba	LAC	UNDP	LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	64.5						-	-		P	I	With Japan
8. ODS Waste Disposal	Cuba	LAC	UNDP	LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			537.5	18.8	537.5	18.8	-	-		P	M	With Japan
8. ODS Waste Disposal	Egypt	AFR	UNDP	LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	107.5						-	-		P	I	
8. ODS Waste Disposal	Egypt	AFR	UNDP	LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			1,075.0	75.0	1,075.0	75.0	-	-		P	M	
8. ODS Waste Disposal	India	ASP	UNDP	Non-LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	118.3						-	-		P	I	
8. ODS Waste Disposal	India	ASP	UNDP	Non-LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			1,075.0	75.0	1,075.0	75.0	-	-		P	M	
8. ODS Waste Disposal	Indonesia	ASP	UNDP	Non-LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	107.5						-	-		P	I	
8. ODS Waste Disposal	Indonesia	ASP	UNDP	Non-LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			1,075.0	75.0	1,075.0	75.0	-	-		P	M	
8. ODS Waste Disposal	Lebanon	ASP	UNDP	Non-LVC	PRP	ODS-waste	PRP to prepare ODS Waste/Destruction Pil	75.3						-	-		P	I	
8. ODS Waste Disposal	Lebanon	ASP	UNDP	Non-LVC	INV	ODS-waste	ODS Waste/Destruction Pilot			537.5	37.5	537.5	37.5	-	-		P	M	
								31,752.9	1,484.8	102,320.6	5,464.1	82,252.8	4,430.7	94,516.1	3,100.1				