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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixtieth Meeting
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CONSOLIDATED 2010-2012 BUSINESS PLAN OF THE MULTILATERAL FUND

Introduction

1. The Fund Secretariat and the bilateral and implementing agencies began their collaborative efforts to review the planning to achieve the HCFC control measures up to the year 2015 on 28 and 29 January 2010 at an inter-agency coordination meeting.
2. The agencies' plans address the years from 2010 right through 2014. This corresponds to the duration of the initial HPMPs that are intended to achieve the HCFC control measures, including the freeze in 2013 and the 10 per cent reduction of HCFCs in 2015. Funding for compliance with the HCFC control measures is expected to be allocated on the basis of multi-year agreements up to 2015.
3. Since the adoption of the Model rolling three-year phase-out plan by the Executive Committee at its 38th Meeting (decision 38/66), business planning in the Multilateral Fund has been based on addressing certain amounts of ODS for specific countries to enable compliance with the Protocol's control measures.
4. A spreadsheet that includes data compiled from the business plans is available to Executive Committee members upon request.
5. The present document consists of the following seven sections:

- Section I: Resource availability
- Section II: Resource allocation in business plans
- Section III: MYAs and standard costs
- Section IV: ODS disposal activities
- Section V: HCFC activities
- Section VI: Performance indicators
- Section VII: Observations and recommendations

SECTION I: RESOURCE AVAILABILITY

6. Decision XX/10 of the Twentieth Meeting of the Parties established a replenishment of the Multilateral Fund at a level of US \$490 million for the period 2009-2011. Table 1 shows the actual receipts of the component sources of the replenishment. US \$68 million of the US \$73.9 million carryover has already been received. About half of the needed level of interest expected for the first year of the triennium has also been received.

Table 1

ACTUAL RECEIPTS OF COMPONENTS OF THE 2009-2011 REPLENISHMENT (US\$)

	Replenishment	Actual receipts
New pledges	400,000,000	94,078,196
Carryover	73,900,000	68,175,167
Interest	16,100,000	2,500,000
Total	490,000,000	164,753,363

7. Table 2 shows the funds approved in 2009 by meeting, and the resulting balance of funds available for 2010 and 2011, which amounts to US \$396.9 million.

Table 2

**FUNDS APPROVED IN 2009 AND BALANCE OF FUNDS AVAILABLE FOR 2010 AND 2011
(US\$)**

Budget for the 2009-2011 triennium		490,000,000
Approval at 57 th Meeting	27,519,161	
Approval at 58 th Meeting	19,350,768	
Approval at 59 th Meeting*	46,230,996	
Sub-total (57 th , 58 th , and 59 th Meetings)		93,100,925
Balance		396,899,075

*Including Secretariat ExCom Cost and Treasurer

8. Decision 57/4 established annual budgets for the 2009-2011 triennium. Table 3 indicates that the budget for 2010, after adjusting it to take into account the balance of funds remaining from 2009, would be US \$193.9 million.

Table 3

REVISED BUDGETS FOR 2009-2011 FOLLOWING 2009 (US\$)

	2009	2010	2011	2009-2011
Budget per decision 57/4	106,000,000	181,000,000	203,000,000	490,000,000
Total amount approved in 2009	87,524,032			
Secretariat ExCom Cost and Treasurer	5,576,893			
Balance after approvals	12,899,075			
Budget adjusted by balance from 2009		193,899,075		

9. The Executive Committee may wish to adopt a budget of US \$193.9 million for 2010 while noting the budget for 2011 of US \$203 million established by decision 57/4.

SECTION II: RESOURCE ALLOCATION IN THE BUSINESS PLANS

10. Table 4 presents, by year, the value of activities included in the business plans according to categories required for compliance and not required for compliance on the basis of the Model rolling three-year phase-out plan. The values included in the business plans exceed the budgets for 2010 and 2011 by US \$111.8 million and US \$231.4 million, respectively.

Table 4

RESOURCE ALLOCATION IN BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE (2010-2014) (US \$000s)

Required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for Compliance (MYAs and Standard costs)	47,787	31,678	39,490	16,477	25,108	160,539
Required for Compliance (HCFCs)	238,079	396,032	435,009	553,348	136,786	1,759,255
Not Required for Compliance (Resource mobilization)	1,505	0	0	0	0	1,505
Not Required for Compliance (ODS disposal)	12,902	5,698	1,000	0	0	19,600
Not Required for Compliance (Chiller, Illegal trade, CTC, MBR, MDI, Studies, Workshops)	5,452	1,035	601	0	0	7,089
Grand total	305,726	434,443	476,099	569,825	161,895	1,947,988
Annual budgets and projected budgets*	193,899	203,000	163,333	163,333	163,333	886,899
Difference	111,827	231,443	312,766	406,492	-1,439	1,061,089

* Assumed budget at same level of current replenishment.

11. Table 4 further categorizes those activities required for compliance and those not required for compliance by indicating the number for MYAs already approved and allocations for standard costs, such as institutional strengthening, the Compliance Assistance Programme (CAP), core unit, and Secretariat, Executive Committee, monitoring and evaluation, and Treasurer costs. HCFC activities required for compliance constitute the largest value in the business plans. The value of resources required for HCFC activities alone exceeds the remaining budgets for the triennium. Over the period 2010 to 2014, the costs of HCFC activities is expected to be over twice the value of the budget, and projected budget of the Multilateral Fund based on the current level of replenishment.

12. Although resource mobilization and ODS disposal are not required for compliance, the Executive Committee has deferred the resource mobilization requested at previous meetings to be considered at this meeting in the context of a Special Funding Facility (see UNEP/OzL.Pro/ExCom/60/50). The Executive Committee and the Meeting of the Parties have also taken decisions relevant to the activities included in the business plan for ODS disposal. This document addresses the possible value of a window for ODS-disposal activities.

13. The remaining category is for activities that are not required for compliance (mostly studies and workshops). These activities constitute only US \$5.4 million in 2010 and are addressed in the context of each individual agency's business plan or work programme amendment, as appropriate.

14. This document considers each of the other categories with a view to resolving the budget overruns projected by the business plans submitted to the Executive Committee.

SECTION III: MYAS AND STANDARD COSTS

15. Table 5 presents the amounts included in the business plans for activities required for compliance in MYAs, TPMPs, methyl bromide, institutional strengthening, the CAP, and also the Secretariat, Executive Committee, monitoring and evaluation, and the Treasurer.

Table 5

REQUIRED FOR COMPLIANCE FOR MYAS AND STANDARD COSTS (2010 to 2014)
(US \$000s)

Required by model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Approved multi-year	11,263	4,327	4,230	821	2,293	22,933
New MBR activities	2,147	580	538			3,265
TPMP	710	940				1,650
INS	12,417	3,988	12,290	3,246	10,099	42,040
CAP	9,728	10,020	10,320			30,068
Core unit	5,693	5,865	6,041	6,222	6,408	30,229
Secretariat, ExCom, and M&E Cost minus Canadian counterpart	5,329	5,458	5,572	5,688	5,808	27,855
Treasurer	500	500	500	500	500	2,500
Total (Required for Compliance for MYAs and Standard Costs)	47,787	31,678	39,490	16,477	25,108	160,539

16. The business plans submitted by the bilateral and implementing agencies (which include special CAP initiatives and terminal phase-out management plans) address the phase-out needs identified in the Model to enable compliance by 2015 (except for some countries, which have either reported their latest consumption as zero, or which could access special CAP initiatives, if requested) except Ethiopia and Timor-Leste for CFCs, Somalia for halon, Iraq and Tunisia for methyl bromide, Ecuador for CTC, and Brazil, Colombia, Haiti, India, the Democratic People's Republic of Korea and Mexico for methyl chloroform. Ethiopia and Timor-Leste will submit an HPMP in lieu of a TPMP that could cover remaining obligations. No additional funds have been requested by Ecuador for CTC. Tunisia will continue to require methyl bromide until an alternative is found for high-moisture dates. The Executive Committee may wish to request the implementing agencies to consider the need for methyl bromide activities in Iraq and methyl chloroform activities in Brazil, Colombia, Haiti, India, the Democratic People's Republic of Korea and Mexico.

17. The value associated with MYAs is mostly for methyl bromide activities after 2010. Bilateral and implementing agencies included amounts for MYAs that exceed those remaining for them in the records of the Fund Secretariat by US \$773,900. France did not include the remaining tranches for the MYAs in the Central African Republic and Lao People's Democratic Republic in its business plan. The Executive Committee may wish to modify the MYA amounts in the agencies' business plans to reflect the records of the Fund Secretariat.

18. New methyl bromide activities required for compliance amount to US \$3.3 million over the next three years. TPMPs valued at US \$1.65 million are included in the business plans with US \$940,000 of that amount to be submitted in 2011. The Executive Committee may wish to consider the extent to which it continues to allocate funding for TPMP activities beyond 2010 in the light of the approval of HPMPs, and in view of the CFC phase-out controls to which they relate.

19. The total amount requested for the TPMP in Somalia by UNEP and UNIDO exceeds the maximum level allowed. The Executive Committee may wish to limit the allocation for the TPMP in Somalia to the maximum level set and adjust the business plans of UNEP and UNIDO accordingly.

20. Institutional strengthening has been extended until the end of 2011. For planning purposes, it is assumed to be extended at the level projected in the Model to ensure there are adequate resources available for an extension in the future. However, implementing agencies have included values for institutional strengthening in their business plans that vary from those allowed under the current funding structure by US \$219,235. The Executive Committee may wish to amend the business plans of the implementing agencies according to the model for the following institutional strengthening projects: Eritrea (UNEP), Georgia (UNDP), Kenya (UNEP), Libyan Arab Jamahiriya (UNIDO), Montenegro (UNIDO), Pakistan (UNDP), Qatar (UNIDO), Thailand (World Bank), and Turkey (UNIDO).

21. CAP, core unit costs, Secretariat/Executive Committee and monitoring and evaluation costs, and the Treasurer's costs are expected to be maintained at the rates of increases that have been agreed to-date.

SECTION IV: ODS DISPOSAL ACTIVITIES

22. At its 58th Meeting, the Executive Committee approved the interim guidelines for the funding of demonstration projects for the disposal of ODS in accordance with paragraph 2 of decision XX/7 of the Meeting of the Parties allowing, "a limited number of demonstration projects for ODS disposal related to paragraph 2 of decision XX/7, covering aspects not yet covered by other demonstration projects, will be considered only at the 59th Meeting for project preparation funding" (decision 58/19, paragraph (a) (ii) b.). The Twenty-First Meeting of the Parties requested "the Executive Committee to continue its consideration of further pilot projects in Article 5 Parties pursuant to decision XX/7 and, in that context, to consider the costs of a one-time window within its current destruction activities to address the export and environmentally sound disposal of assembled banks of ozone-depleting substances in low-volume-consuming countries that are not usable in the Party of origin." (decision XXI/2, paragraph 2).

23. At its 59th Meeting, the Executive Committee approved project preparation funds for ODS disposal and requested "UNIDO to submit two additional project preparation requests for ODS disposal pilot projects, one for Africa and one for West Asia, in line with decision 58/19, as part of their business plan for 2010" (decision 59/10). No other agency was requested to include project preparation requests for ODS disposal. Table 6 presents ODS disposal demonstration and technical assistance projects that have been included in the business plans and whether project preparation had been approved up to the 59th Meeting, or if the submission was based on decision 59/10.

Table 6

ODS DISPOSAL DEMONSTRATION/TECHNICAL ASSISTANCE PROJECTS IN THE BUSINESS PLANS

Country	Agency	Type	Sector / Sub-sector	Approved Project Preparation up to the 59 th Meeting or Dec. 59/10	Value (\$000) in 2010	ODP in 2010	Value (\$000) in 2011	ODP in 2011	Value (\$000) in 2012	ODP in 2012
Algeria	Italy	DEM	ODS destruction demonstration project	Yes	737	50				
Algeria	UNIDO	DEM	ODS destruction demonstration project	Yes	710	50				
Bangladesh	UNEP	TAS	Disposal project for ODS from the ship break industry (implementation)		500					
Bangladesh	UNEP	PRP	Disposal project for ODS from the ship break industry (preparation)		30					
Brazil	UNDP	DEM	Demo on ODS Banks Mgt and Destruction	Yes	1,000	1,200				
China	Japan	DEM	Destruction	Yes	182		1,000		1,000	
China	UNIDO	DEM	ODS destruction demonstration project	Yes	2,129	150				
Colombia	UNDP	DEM	Demo on ODS Banks Mgt and Destruction	Yes	1,000	145				
Cuba	UNDP	DEM	Demo on ODS Banks Mgt and Destruction	Yes	1,000	222				
Ghana	UNDP	DEM	Demo on ODS Banks Mgt and Destruction	Yes	750	150				
Global	UNEP	TAS	Technical Assistance/support		250					
India	UNDP	DEM	Demo: ODS Bank Management/Destruction		1,000	1,200				
India	UNEP	TAS	Disposal project for ODS from the ship break industry (implementation)		500					
India	UNEP	PRP	Disposal project for ODS from the ship break industry (preparation)		30					
Jordan	IBRD	DEM	Pilot ODS Disposal project		0	0	0	5	0	0
Jordan	IBRD	PRP	PRP for Pilot ODS disposal project		32					
Mexico	UNIDO	DEM	ODS disposal demonstration project	Yes	1,064	75				

Country	Agency	Type	Sector / Sub-sector	Approved Project Preparation up to the 59 th Meeting or Dec. 59/10	Value (\$000) in 2010	ODP in 2010	Value (\$000) in 2011	ODP in 2011	Value (\$000) in 2012	ODP in 2012
Pakistan	UNEP	TAS	Disposal project for ODS from the ship break industry (implementation)		500					
Pakistan	UNEP	PRP	Disposal project for ODS from the ship break industry (preparation)		30					
Region: AFR	Japan	DEM	Destruction	Dec. 59/10	600					
Region: AFR	UNIDO	DEM	ODS destruction demonstration project	Dec. 59/10			1,344	100		
Region: AFR	UNIDO	PRP	ODS destruction/demo	Dec. 59/10	91	0				
Region: ASP	Japan	DEM	Demonstration project on ODS disposal	Dec. 59/10	100					
Region: ASP	UNEP	PRP	ODS Destruction		226					
Region: ASP	UNEP	TAS	ODS Destruction		350					
Region: ASP	UNIDO	DEM	ODS destruction demonstration project	Dec. 59/10			1,290	100		
Region: ASP	UNIDO	PRP	Demo	Dec. 59/10	91	0				
Turkey	France	DEM	ODS Disposal	Yes			1,000	150		
Turkey	UNIDO	DEM	Destruction demonstration project	Yes			1,064	75		
TOTAL					12,902	3,242	5,698	430	1,000	0

24. No ODS tonnage was provided by UNEP or Japan for their projects. The interim guidelines for ODS disposal demonstration projects require that agencies provide an estimate of the amount of each ODS that is meant to be handled within the project (decision 58/19, paragraph (a) (iv) (a. iii)). The Executive Committee may wish to determine whether new project preparation requests for ODS disposal included in the business plans, as well as those without ODS phase-out, should be removed in the light of decision 58/19, paragraph (a)(ii) b.

25. Decision 58/19, paragraph (a) (ii) c. requires *inter alia* that funding would be limited to a maximum level of up to US \$13.2/kg of ODS to be destroyed for non-low-volume consuming countries. All of the demonstration projects have a cost-effectiveness below that level, except for the joint UNIDO/Japan ODS disposal activity in China that has a cost-effectiveness of US \$25/kg. The Executive Committee may wish to reduce the allocation for this activity to US \$1.9 million for the 150 ODP tonnes to be destroyed, instead of the US \$4.311 million total costs in the business plans of UNIDO (US \$2.129 million) and Japan (US \$2.182 million).

26. The business plans include US \$19.6 million for ODS demonstration, technical assistance projects and associated project preparation. Project preparation amounting to US \$530,750 would result in US \$12.4 million in projects to be submitted in 2010, US \$5.7 million in 2011 and US \$1 million in 2012.

27. The total number of activities resulting from project preparation approved at the 59th Meeting amounts to US \$8.913 million in 2010, US \$3.064 million in 2011, and US \$1 million in 2012. The UNIDO and Japan activities together amount to US \$700,000 in 2010 and US \$2.634 million in 2011, in accordance with decision 59/10. Activities based on approved project preparation in the light of decision 58/19, paragraph (a) (ii) c. and per decision 59/10 amount to US \$16.311 million.

28. The Executive Committee may wish to determine the level of a window for ODS activities in the light of the above.

SECTION V: HCFC ACTIVITIES

HCFC tonnage required for compliance with HCFCs controls and accelerated phase-out

29. At its 59th Meeting, the Executive Committee adopted “the 2010-2012 model rolling three-year phase-out plan as a flexible guide for resource planning for the corresponding triennium, noting significant uncertainty with regard to the amount of HCFC consumption to be addressed during this period” (decision 59/5, paragraph (a)). Implementing agencies indicated that they used the Model as the basis for the general levels of tonnage included in their business plans. A comparison of the Model versus the tonnage in the business plans resulted in an apparently higher level of HCFC phase-out than required by the Model for several countries. Agencies were asked to indicate if the tonnage in their business plans for the following countries were for accelerated phase-out, since the tonnage exceeded the level required for compliance by over 10 ODP tonnes: China; Colombia; Costa Rica; Indonesia; Jordan; Mongolia; the Philippines; Seychelles; and Thailand.

30. The Executive Committee may wish to consider whether funding could be allocated for accelerated phase-out for countries for which more tonnage was included in the business plans than is required for compliance.

31. There were also cases of countries for which the tonnage included in the business plan was not sufficient to achieve compliance based on the Model. Agencies were asked to ensure that there was sufficient tonnage allocated in the business plans to meet the control measures. If the Executive Committee chooses to allocate its resources based on the tonnage indicated in the model rolling three-year phase-out plan, the Committee may wish to consider adding tonnage for the following countries to ensure there are sufficient resources to meet compliance requirements since the tonnage level was over 10 ODP tonnes below the level required by the Model: Argentina; Kenya; Kuwait; Mexico; Nigeria; Viet Nam; and Yemen.

HCFC production sector

32. Project activities amounting to US \$367.2 million are included in the business plans for 2010 to 2014. US \$43.8 million is included in the current triennium for 2010 and 2011. It may be recalled that the TEAP replenishment study assumed that there would be no funding for the production sector until the 2012 to 2014 triennium, since production sector projects had been aimed at closure and any closure would not be necessary until 2013.

33. The World Bank has already received project preparation funds for the production sector in China. Its plan anticipates using US \$350 million for HCFC production closure in China to meet the 10 per cent reduction by 2015 and to phase-out 4,500 ODP tonnes at a cost-effectiveness of US \$77.78/kg. The Sub-group on the Production Sector is considering a proposal for terms of reference for production sector audits during its meetings in the margins of the 60th Meeting of the Executive Committee, as well as guidelines for HCFC production sector projects. China received a total of US \$170 million for the 100 per cent phase-out of CFC production on a baseline production of 47,004 ODP tonnes. The level of funds for the HCFC production sector in the current business plans (US \$350 million) would achieve the 10 per cent reduction by 2015 covering a phase-out of 4,500 ODP tonnes.

34. The World Bank and UNEP have also included project preparation activities for the production sector in India. The Bank has proposed US \$14.585 million in its business plan to phase out 221 ODP tonnes at a cost-effectiveness of US \$66/kg. Under the current production sector agreements for all countries, except China, no additional funding is allowed for HCFC production closure for swing plants that have received funding for CFC closure. The issue of swing plants is under consideration in the context of the Sub-group’s consideration of guidelines for HCFC production sector phase-out.

35. The Executive Committee may wish to consider what level of allocation should be maintained for the HCFC production sector in the business plans, whether any funds should be maintained for countries not currently eligible, and whether any funds should be allocated in the current triennium.

HCFC demonstration projects

36. In 2009, the Executive Committee approved two demonstration projects in the foam sector in China as well as four project preparation activities to develop demonstration projects. Demonstration projects are intended to inform HPMP development and to do so they needed to be rapidly implemented. Table 7 presents the demonstration projects in the business plans.

Table 7

HCFC DEMONSTRATION PROJECTS

Country	Agency	HCFC chemical	Category	Value (\$000) in 2010	ODP in 2010	Value (\$000) in 2011	ODP in 2011	Value (\$000) in 2012	Approved project preparation
China	UNEP	HCFC	HCFC - DEM – Servicing	30					
China	Japan	HCFC-141b	HCFC - DEM - Solvent	500					
China	UNDP	HCFC-22	HCFC - DEM - Foam XPS	1,398	1				
China	UNDP	HCFC-22	HCFC - DEM – Refrigeration	4,623	2				
China	UNDP	HCFC-22	HCFC - DEM – Refrigeration Commercial	2,258	4				
China	UNIDO	HCFC-22	HCFC - DEM - Refrigeration AC	4,300					
China	Japan	HCFC-22/142b	HCFC - DEM - Foam XPS	1,000					
China	UNIDO	HCFC-22/142b	HCFC - DEM - Foam XPS	1,075					
Colombia	Japan	HCFC-141b	HCFC - DEM - Foam Rigid	500					
Jordan	UNIDO	HCFC-141b	HCFC - DEM – Foam	177	1				Yes
Jordan	UNIDO	HCFC-22	HCFC - DEM – Refrigeration Manufacturing	3,010	7				Yes
Kuwait	UNDP	HCFC-22	HCFC - DEM - Foam XPS			376	0		
Nigeria	Japan	HCFC-22	HCFC - DEM – Refrigeration Commercial	800					
Region: ASP	UNEP	HCFC	HCFC - DEM – Servicing	100		100		100	
Region: ECA	UNIDO	HCFC-22	HCFC - DEM – Refrigeration Commercial	271					
Saudi Arabia	UNIDO	HCFC-22	HCFC - DEM - Refrigeration AC			3,225	15		
Turkey	UNDP	HCFC-22	HCFC - DEM - Foam XPS	223	0				
Total				20,264	16	3,701	15	100	

37. The Executive Committee may wish to consider if additional demonstration projects are needed beyond those for which project preparation has already been approved, whether demonstration projects without a phase-out should be maintained in the business plans, and whether demonstration projects to be submitted after 2010 would contribute to HPMP development or should be removed from the business plans.

HPMP/HCFC project preparation

38. The total level of project preparation for HPMP (US \$1 million), investment projects (US \$2.41 million), and demonstration projects (US \$309,000) is US \$3.72 million. Implementing agencies have proposed amounts in their business plans that exceed the maximum level allowed for project preparation for HPMPs, HCFC demonstration projects, and HCFC investment projects pursuant to decisions 55/13 and 56/16. The HPMP project preparation budget exceeds the eligible funding limit for this activity for Afghanistan (Germany and UNEP); the Democratic People's Republic of Korea (UNEP and UNIDO); and Libyan Arab Jamahiriya (UNIDO). The HCFC demonstration preparation budget exceeds the eligible funding limit for this activity in China (UNDP and UNIDO). The HPMP investment

preparation budget also exceeds the eligible funding limit for Syrian Arab Republic (UNIDO), Uruguay (UNIDO); and Viet Nam (World Bank).

39. The Executive Committee may wish to adjust the respective business plans for HPMPs, HCFC demonstration and HCFC investment project preparation to correspond to the values approved for such activities in the light of decisions 55/13 and 56/16.

HCFC servicing sector for LVCs

40. For the 2009 business plans it was suggested that, in the absence of firm estimates or cost guidelines for HPMP implementation, the values in Table 13 of Annex IV of the HCFC Cost Study (UNEP/OzL.Pro/ExCom/55/47) could be used as a basis for estimates for LVCs and countries with only HCFC servicing sector components in the business plan.

41. Since that time, the Executive Committee's contact group on HCFC guidelines has refined the values in Table 13, but no final decision on HCFC guidelines has been taken. For the purposes of business planning and allocating resources, the Fund Secretariat compared the values for HPMPs in the agencies' business plans to those under discussion to-date, and found that the values in the business plan (US \$44.07 million) exceed those under discussion (US \$8.65 million) by US \$35.42 million.

42. The Executive Committee may wish to allocate funds in the business plans for LVCs in the light of the discussion of HPMPs for the servicing sector to-date.

HCFC for non-LVCs

43. The value of consumption and production activities for non-LVCs amounts to US \$1.64 billion out of the US \$1.9 billion level in the business plans. The US \$1.9 billion in the business plans exceed the annual budget and projected budget by US \$1.1 billion. Therefore, most of the adjustment will have to occur with respect to the allocation for the HCFC phase-out in non-LVCs, but this will be largely impacted by the HCFC production sector costs. Ultimately all of the adjustments made to the other aspects of the business plan will have an impact. The higher the funds allocated for other items in the business plans, then the lower will be the funds available for HCFC phase-out in non-LVCs.

44. Simply reducing these amounts by 58 per cent would likely enable the Executive Committee to remain within its budget, and projected budget, to meet the 10 per cent reduction. This would mean that the allocation for the production sector of US \$154 million, and assigning an overall cost-effectiveness for the tonnage in the business plan for consumption phase-out activities in non-LVC countries, would have to be reduced to about US \$59/ODP kilogramme from the US \$135/ODP kilogramme in the business plans as submitted. A final cost-effectiveness figure could be determined based on the adjustments to other aspects of the business plans, including levels of tonnage.

45. The Executive Committee may wish to adjust the cost-effectiveness of HCFC activities for non-LVCs to US \$TBD/ODP kilogram based on the tonnage included in the agencies' business plans for planning purposes, as adjusted, and taking into account other decisions taken by the Committee with respect to business plan allocations.

46. It might also be recalled that the largest CFC consuming country, China, received funding that resulted in a cost-effectiveness value of US \$4.92/kg as opposed to US \$6.06/kg for all other countries. This differential was largely due to economies of scale. The Executive Committee might therefore include in the business planning a cost-effectiveness differentiation similar to that experienced for the CFC phase-out where China received 81 per cent of the cost-effectiveness provided to other countries for their CFC phase-out. This was due largely to economies of scale that may also exist for HCFC phase-out.

SECTION VI: PERFORMANCE INDICATORS

47. Decision 41/93 established the current set of performance indicators for implementing agencies. Implementing agencies provided targets for these performance indicators in their business plans. All implementing agencies have indicated in their business plans their planned efforts to assist countries to comply with the Montreal Protocol's control measures. UNEP included in its business plan expected missions to Article 5 countries and its special CAP services to assist countries with compliance needs. It also showed the extent to which its activities support those of other agencies.

48. Annex I presents information on historic performance indicators as requested in decision 42/5. The remainder of Annex I addresses investment and non-investment project indicators (2001-2005) and performance indicators that are unique to UNEP.

SECTION VII: OBSERVATIONS AND RECOMMENDATIONS

Observations

49. At the inter-agency coordination meeting, it was again stressed that HPMP preparation covered funding for the establishment of licensing systems and regulation/legislation for HCFCs, which should be initiated as soon as possible to take effect by the 2013 freeze. Agencies indicated that they would check the status, but no information was provided by agencies in their business plans. The Executive Committee may wish to request a status report on modifying licensing systems to be submitted in the context of the agencies' progress reports to the 61st Meeting.

50. The Secretariat requested the agencies to provide information on activities needed to meet the 2015 reductions in light of the fact that HPMPs are intended to address HCFC phase-out to achieve the 10 per cent reductions in 2015. The Executive Committee may wish to request that the next business plans to be submitted to the 63rd Meeting cover the planning for the period 2011 to 2014 in lieu of the traditional three-year planning timeframe.

51. Implementing agencies were asked to identify the extent to which co-funding would be obtained for their proposed HCFC and ODS disposal activities. The agencies did not provide this information. The Executive Committee may wish to request the agencies to indicate the level of co-funding for business plan activities to be submitted to the Secretariat by the 61st Meeting and to include this information in future business plans.

52. Agencies were also asked to provide information by HCFC chemical in order to establish a cost-effectiveness value, for each, to achieve a more precise resource allocation based on cost-effectiveness. Germany, UNEP and the World Bank did not fully provide this breakdown. The Executive Committee may wish to request the implementing agencies to ensure that business plans indicate the level of HCFC phase-out by chemical, for example HCFC-22 and HCFC-141b.

53. Implementing agencies indicated that, in the absence of guidelines, the estimated values in their business plans did not include climate benefits. Therefore, it is assumed that additional climate benefits could be secured from the proposed activities in the agencies' business plans. The Executive Committee may wish to request the implementing agencies to indicate the level of climate benefits that could be addressed in the projects beyond that required to comply with the HCFCs phase-out targets.

54. The Secretariat discussed means of reducing the overrun with the agencies at the inter-agency coordination meeting. Agencies said that their business plans were their best estimates based on the Model and they could not provide better figures until the Executive Committee had agreed guidelines on

HCFC costs. The Executive Committee may wish to consider the suggestions of the Secretariat with respect to resource allocation in the business plans as contained in this document.

Recommendations

55. The Executive Committee may wish to:

- (a) Note the Consolidated 2010-2012 Business Plan of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/60/7 and the fact that it addresses activities to address the 2015 control measures of the Montreal Protocol;
- (b) Adopt a budget of US \$193.9 million for 2010 while noting the budget for 2011 of US \$203 million established by decision 57/4;
- (c) Modify the multi-year agreements (MYA) amounts in the agencies' business plans to reflect the records of the Fund Secretariat;
- (d) Consider the extent to which the Multilateral Fund should continue to allocate funding for terminal phase-out management plan (TPMP) activities beyond 2010 in the light of the approval of HCFC phase-out management plans (HPMP);
- (e) Limit the allocation for the TPMP in Somalia to the maximum level per decision 45/54(c) and adjust the business plans of UNEP and UNIDO, accordingly;
- (f) Request the implementing agencies to consider the need for methyl bromide activities in Iraq and methyl chloroform activities in Brazil, Colombia, Haiti, India, the Democratic People's Republic of Korea and Mexico;
- (g) Amend the business plans of the implementing agencies according to the Model rolling three-year phase-out plan for institutional strengthening projects;
- (h) Determine whether new project preparation requests for ODS disposal, as well as those without ODS phase-out, that are included in the business plans should be removed in the light of decision 58/19, paragraph (a)(ii) b;
- (i) Reduce the allocation for the ODS disposal activity in China to US \$1.9 million for the 150 ODP tonnes to be destroyed instead of the US \$4.311 million total costs in the business plans of UNIDO (US \$2.129 million) and Japan (US \$2.182 million);
- (j) Agree a window, in the light of decision XXI/2, for ODS disposal activities amounting to US \$TBD;
- (k) Allow/remove tonnage beyond that required for compliance with the 2015 control measures for the accelerated phase-out indicated in the business plans according to the Compliance Oriented Model for: China; Colombia; Costa Rica; Indonesia; Jordan; Mongolia; the Philippines; Seychelles; and Thailand;
- (l) Add tonnage to the resource allocation for the following countries to ensure there are sufficient resources to meet compliance requirements since the tonnage level was more than 10 ODP tonnes below that required: Argentina; Kenya; Kuwait; Mexico; Nigeria; Viet Nam; and Yemen;
- (m) Establish a resource allocation for HCFC production in the business plans amounting to US \$TBD for the period 2010 to 2014;

- (n) Remove/maintain activities in the business plans funds for:
 - (i) The HCFC production sector for countries not currently eligible;
 - (ii) The HCFC production sector beyond project preparation in the current triennium;
 - (iii) Additional HCFC demonstration projects beyond those for which project preparation had already been approved;
 - (iv) HCFC demonstration projects without a phase-out; and,
 - (v) HCFC demonstration projects to be submitted after 2011;
- (o) Change the business plans for HPMP, HCFC demonstration and HCFC investment project preparation to correspond to the values approved for such activities in the light of decisions 55/13, and 56/16;
- (p) Allocate funds in the business plans for low-volume-consuming countries (LVCs) in the light of the discussion of HPMPs for the servicing sector to-date;
- (q) Adjust the cost-effectiveness of HCFC activities for non-LVCs to US \$TBD/ODP kilogram based on the tonnage included in the agencies' business plans for planning purposes, as adjusted, and taking into account other decisions taken by the Committee with respect to business plan allocations;
- (r) Include in business planning a cost-effectiveness differentiation for the HCFC phase-out similar to that experienced for the CFC phase-out where China received 81 per cent of the cost-effectiveness value received by other Article 5 countries; and,
- (s) Request:
 - (i) A status report on modifying licensing systems to address the accelerated phase-out of HCFCs to be submitted in the context of the agencies' progress reports to be submitted to the 61st Meeting;
 - (ii) That the business plans to be submitted to the 63rd Meeting should address planning for the period 2011 to 2014; and,
 - (iii) Implementing agencies to indicate in a submission to the 61st Meeting and in future business plans:
 - a) The level of co-funding that will be received for business plan activities;
 - b) The level of HCFC phase-out, by chemical, for example HCFC-22 and HCFC-141b; and,
 - c) The level of climate benefits that could be addressed beyond that required to achieve compliance.

Annex I

HISTORICAL PERFORMANCE INDICATORS

This annex presents the following tables:

- a) Proposed 2010, and Actual 2009, 2008, 2007 and 2006 Business Plan Performance Indicators;
- b) Quantitative Performance Indicators (2004 and 2005);
- c) Investment Project Performance Indicators (2001-2005);
- d) Non-investment Project Performance Indicators (2001-2005); and
- e) Proposed 2010, and Actual 2009, 2008, 2007 and 2006 Performance Indicator for UNEP's Compliance Assistance Programme (CAP).

A: PROPOSED 2010 AND ACTUAL 2009, 2008, 2007 AND 2006 BUSINESS PLAN PERFORMANCE INDICATORS BY AGENCY

Item	UNDP 2006	UNDP 2007	UNDP 2008	UNDP 2009	UNDP 2010	UNEP 2006	UNEP 2007	UNEP 2008	UNEP 2009	UNEP 2010	UNIDO 2006	UNIDO 2007	UNIDO 2008	UNIDO 2009	UNIDO 2010	World Bank 2006	World Bank 2007	World Bank 2008	World Bank 2009	World Bank 2010
Number of annual programmes of multi-year agreements approved vs. those planned	27	45	39	40	45	20	35	35	56	104	29	32	30	28	32	23 ¹	19 ²	21/21	14/14	5/5
Number of individual projects/activities (investment projects, RMPs, halon banks, TAS, institutional strengthening) approved vs. those planned	7	22	24	12	15	16	30	56 (excl. CAP)	88	108	11	22	55	20	15	1	4	6/6	7	6/6
Milestone activities completed (e.g. policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches vs. those planned	15	20	27	36	9	4	9	20	51	23	22	20	19	26	11	20	18	21/21	14	5/5
ODS phased-out for individual projects vs. those planned per progress reports (ODP tonnes)	2,622	1,229	1,888	633	tbd	0	0	0	0	0	1,119.4	346.2	762.9	155.2	45.1	2,288	1,334	253	229	240.3
Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	55	60	61	98	tbd	86	86	86	86	33	36	20	19	13	18	20 ³	10 ⁴	8 ⁵	6 ⁶	5 ⁷
Number of	tbd ⁸	4/6	4/6	1/1	100%	77	64	64	100% ¹¹	100% ¹²	tbd ¹³	11	9	N/A	N/A	tbd ¹⁴	9/9	12/12	100%	100%

¹ Includes three annual programmes of new multi-year projects expected to be approved by the Executive Committee in 2006.

² Includes one annual programme of new multi-year projects expected to be approved by the Executive Committee in 2007.

³ Represents the number of projects expected to be completed in 2006, which will lead to an expected phase-out of 2,288 ODP tonnes.

⁴ Represents the number of projects expected to be completed in 2007, which will lead to an expected phase-out of 1,334 ODP tonnes.

⁵ Represents the number of projects expected to be completed in 2008, which will lead to an expected phase-out of 253 ODP tonnes.

⁶ Includes two investment projects, three institutional strengthening projects, and one technical assistance project.

⁷ Includes one investment project, two institutional strengthening projects, and two technical assistance projects.

Item	UNDP 2006	UNDP 2007	UNDP 2008	UNDP 2009	UNDP 2010	UNEP 2006	UNEP 2007	UNEP 2008	UNEP 2009	UNEP 2010	UNIDO 2006	UNIDO 2007	UNIDO 2008	UNIDO 2009	UNIDO 2010	World Bank 2006	World Bank 2007	World Bank 2008	World Bank 2009	World Bank 2010
policy/regulatory assistance completed vs. that planned		(67%)	(67%)	(100%)		countries ⁹	countries ¹⁰	countries												
Speed of financial completion vs. that required per progress report completion dates	On Time	On time	On time	On time	On time	On Time	On time	On time	On time	On time	12 months after operational completion	12 months after operational completion	12 months after operational completion	12 months after operational completion	12 months after operational completion	11 months	11 months	11 months	11 months	11 months
Timely submission of project completion reports vs. those agreed	On Time	On time	On time	On time	On time	On Time	On time	On time	On time	On time	On time	On time	On time	On time	On time	100%	100%	100%	100%	100%
Timely submission of progress reports and responses unless otherwise agreed	On Time	On time	On time	On time	On time	On Time	On time	On time	On time	On time	On time	On time	On time	On time	On time	100%	100%	100%	100%	100%

⁸ The Executive Committee requested UNDP to work in coordination with the Secretariat to provide a target for policy and regulatory assistance to countries requesting it to reflect the efforts it planned to undertake in that regard within its approved projects and multi-year agreements as appropriate.

¹¹ 100% of countries listed in Annex I of UNEP's business plan narrative either received assistance or assistance was offered

¹² 100% of countries listed in Annex I of UNEP's business plan narrative either received assistance or assistance was offered

¹³ The Executive Committee requested UNIDO to work in coordination with the Secretariat to provide a target for policy and regulatory assistance to countries requesting it to reflect the efforts it planned to undertake in that regard within its approved projects and multi-year agreements as appropriate.

¹⁴ The Executive Committee requested the World Bank to work in coordination with the Secretariat to provide a target for policy and regulatory assistance to countries requesting it to reflect the efforts it planned to undertake in that regard within its approved projects and multi-year agreements as appropriate.

⁹ or 100% of countries listed in Annex I of the narrative either received assistance or assistance offered

¹⁰ or 100% of countries listed in Annex I either received assistance or assistance was offered

B: QUANTITATIVE PERFORMANCE INDICATORS (2004 and 2005)

Item	UNDP 2004	UNDP 2005	UNEP 2004	UNEP 2005	UNIDO 2004	UNIDO 2005	World Bank 2004	World Bank 2005
Multi-year tranches approved	19	12	3	4	18	28	18	18
Individual projects/ activities approved	25	32	19	25	11	31	5	7
Milestone activities completed	12	15.5	N/a	3	14	17	15	19
ODS phased-out for individual projects in ODP tonnes	2,579	1,288	0	20	4,790.6	1,654	4,961	2,277
Project completion	97	42	8	24	84	28	40	44
Policy/ regulatory assistance completed	N/a	N/a	2	63	15	11	All targets in annual phase-out	N/a
Speed of financial completion	88 of 104 (85%)	174	19 of 34 (56%)	12 of 49 (24%)	9.3 months	8 months	12 months	9 months
Timely submission of project completion reports	97%	111	100%	On Time	100%	On Time	84%	On Time
Timely submission of progress reports	On Time	On Time	On Time	Not On Time	On Time	On Time	On Time	On Time

C: INVESTMENT PERFORMANCE INDICATORS (2001-2005)

ITEM	UNDP 2005	UNDP 2004	UNDP 2003	UNDP 2002	UNDP 2001	UNIDO 2005	UNIDO 2004	UNIDO 2003	UNIDO 2002	UNIDO 2001	World Bank 2005	World Bank 2004	World Bank 2003	World Bank 2002	World Bank 2001
ODP phased out	1,663	6,200	5,871	4,582	5,997	1,544.64	5,545.52	6,096	2,890	2,480	N/A	21,812.59	17,395	16,139	6,340
Funds disbursed	26,601,892	\$31,240,209	\$24,483,520	\$29,320,118	\$33,358,056	31,840,094	31,963,576	\$28,773,312	\$28,747,215	\$27,671,558	N/A	55,729,832	\$65,083,377	\$56,531,824	\$40,175,452
Project completion reports	111	97%	106%	86.50%	86.16%	78	100%	625%	300%	100%	N/A	84%	84%	103%	74%
Distribution among countries*	14	28	18	18	22	23	18	14	19	24	N/A	12	11	11	10
Timely submission of progress report		N/a	On Time	On Time	N/a		N/a	On Time	On Time	N/a		N/a	On Time	On Time	N/a
Number of project completed in year of business plan		N/a	116	106	N/a		N/a	54	46	N/a		N/a	45	46	N/a
Value of projects approved*	\$26,123,608	\$24,422,808	\$29,290,743	\$37,661,853	\$40,533,068	55,170,547	36,878,656	\$23,624,603	\$32,884,334	\$28,436,163	US \$68 million (excluding Support Costs)	\$82,629,695	\$75,107,277	\$62,531,489	\$48,139,038
ODP to be phased out*	2,940	3,606.40	3,810	3,312.90	4,352	16,540.00	9,587	1,120	4,074	4,645.80	65,722.00	20,534	11,352	12,605.90	11,456
Cost of project preparation	1.44%	3.61%	1.60%	2.54%	1.10%	0.86	2.01%	3.64%	3.28%	2.73%	0.40	0.16%	0.64%	0.43%	1.26%
Cost-effectiveness	\$8.24	\$6.27	\$7.10	\$10.35	\$8.30	3.10	\$3.58	\$9.79	\$7.28	\$6.12	1.04	\$3.74	\$6.12	\$4.57	\$3.85
Speed of first disbursement	12.9 months	12.91 months	12.8 months	12.8 months	12.84 months	8.97 months	9.06 months	9.2 months	9.16 months	9.29 months	25 months	26.02 months	26 months	26.28 months	25.33 months
Speed of completion	32.9 months	32.41 months	32.4 months	32.7 months	33.6 months	32.98 months	32.35 months	31.7 months	30.89 months	29.85 months	40 months	40.88 months	41 months	41.35 months	40.09 months
Net emission due to delays	13,508	12,440	9,322	13,375	14,381	5,354.00	15,874	5,114	6,579.50	5,940	17,651.00	18,155	21,807	24,889	25,257

D: NON-INVESTMENT PERFORMANCE INDICATORS (2001-2005)

AGENCY	UNDP 2005	UNDP 2004	UNDP 2003	UNDP 2002	UNDP 2001	UNEP 2005	UNEP 2004	UNEP 2003	UNEP 2002	UNEP 2001	UNIDO 2005	UNIDO 2004	UNIDO 2003	UNIDO 2002	UNIDO 2001	World Bank 2005	World Bank 2004	World Bank 2003	World Bank 2002	World Bank 2001
Number of Projects Completed			22	11	8			69% of approved	66% of approved	62% of approved			16	13	3			5	2	1
Funds Disbursed (US\$)	3,224,343	2,488,374	3,693,816	2,167,508	1,684,702	10,855,433	54% of approved	72% of approved	68% of approved	68% of approved	1,387,905	1,353,861	1,201,983	775,244	461,385	1,221,964	813,599	2,246,337	546,533	281,715
Speed until first disbursement	11.5 months	11.44 months	11 months	11.4 months	10.5 months	8.41 months	8.49 months	7.6 months	7.3 months	6.87 months	8.95 months	9.34 months	9.4 months	9.85 months	9.15 months	14 months	14.58 months	13.7 months	12.05 months	11.95 months
Speed until project completion	35.4 months	35.36 months	35 months	34.7 months	35.1 months	32.44 months	31.8 months	31 months	30.4 months	29.66 months	31.93 months	33.89 months	33.7 months	33.84 months	33.66 months	32 months	30.39 months	30 months	28.85 months	29.24 months
Timely submission of progress report		N/a	On Time	On-time	N/a		N/a	On Time	On Time	N/a		N/a	On Time	On- time	N/a		N/a	On Time	On- time	N/a
Policies initiated from non- investment activities		N/a	6	28	8 countries		N/a	21 countries	11 countries	N/p		N/a	2 countries	7 countries	Policies in 2-4 countries		N/a	None	1 country	2 countries
Reduction in ODP from non- investment activities		N/a	0	1	125 tonnes		N/a	0	0	N/p		N/a	45	0	65 tonnes		N/a	86.9	0	0 tonnes

E. PROPOSED 2010 PERFORMANCE INDICATOR FOR UNEP'S COMPLIANCE ASSISTANCE PROGRAMME (CAP)

Performance Indicator	UNEP 2006 target	UNEP 2007 target	UNEP 2008 target	UNEP 2009 target	UNEP 2010 target
Efficient follow-up to regional network/thematic meetings	100 % implementation rate	100 % implementation rate	100 % implementation rate	90 % implementation rate	90 % implementation rate
Effective support to NOUs in their work, particularly guidance to new National Ozone Units (NOUs)	10 such ways/means/products/services	7 such ways/means/products/services	7 such ways/means/products/services; All new NOUs receive capacity building support	7 such ways/means/products/services; All new NOUs receive capacity building support	7 such ways/means/products/services; All new NOUs receive capacity building support
Assistance to countries in actual or potential non-compliance (as per MOP decisions and/or as per reported Article 7 data and trend analysis)	All such countries	All such countries	All such countries	All such countries	All such countries
Innovations in production and delivery of global and regional information products and services	10 such products and services	7 such products and services	7 such products and services	7 such products and services	7 such products and services
Close cooperation between CAP regional teams and bilateral and multilateral implementing agencies working in the regions	5 in each region	5 in each region	5 in each region	5 in each region	5 in each region
