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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-third Meeting
Montreal, 4-8 April 2011

2011 WORK PROGRAMME OF UNDP

COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. UNDP is requesting approval from the Executive Committee of US \$447,217 for its 2011 Work Programme, plus agency support costs of US \$36,541. The Work Programme is attached to this document.

2. The activities proposed in UNDP's Work Programme are presented in Table 1 below:

Table 1: UNDP's Work Programme

Country	Activity/Project	Amount Requested (US \$)	Amount Recommended (US \$)
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL			
A1. Renewal of institutional strengthening projects:			
Chile	Renewal of institutional strengthening project (Phase IX)	186,550	186,550
Georgia	Renewal of institutional strengthening project (Phase VII)	60,667	60,667
	Subtotal for A1:	247,217	247,217
SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION			
B1. Technical assistance:			
Global	Resource mobilization for climate co-benefits	200,000	*
	Subtotal of B1:	200,000	*
	Subtotal A and B	447,217	247,217
Agency support costs (7.5 per cent for project preparation and institutional strengthening, and for other activities over US \$250,000, and 9 per cent for other activities under US \$250,000):		36,541	18,541
Total:		483,758	265,758

*Project for individual consideration or pending

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

A1. Renewal of institutional strengthening projects

- (a) Chile (phase IX): US \$186,550
- (b) Georgia (phase VII): US \$60,667

Project description

3. UNDP submitted the request for the renewal of the institutional strengthening (IS) projects for Chile and Georgia. The description of the requests for these countries is presented in Annex I to this document.

Secretariat's comments

4. The Fund Secretariat reviewed the IS terminal reports and action plans submitted by UNDP on behalf of Chile and Georgia, which were provided using the revised format for IS renewals approved by decision 61/43. The Secretariat took into account decisions 59/17, 59/47(b) and 61/43 in considering these IS requests, particularly decision 61/43 where the Executive Committee decided "to maintain funding for institutional strengthening (IS) support at current levels, and to renew IS projects for the full two-year period from the 61st Meeting".

Secretariat’s recommendations

5. The Fund Secretariat recommends blanket approval of the IS renewal requests for Chile and Georgia at the level of funding indicated in Table 1 of this document. The Executive Committee may wish to express to the Governments of Chile and Georgia the comments which appear in Annex II to this document.

SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION

B1. Technical assistance

Project description

Global: Resource mobilization for climate co-benefits: US \$200,000

Project description

6. At the 62nd Meeting, the Executive Committee, in decision 62/20 requested UNDP to defer the submission of a proposal for a technical assistance project for mobilizing resources to maximize climate benefits of HCFC phase-out and submit it to the 63rd Meeting with any new information that may be provided by the implementing agency. UNDP re-submitted a revised proposal for the consideration of the 63rd Meeting in line with the above decision.

7. The current proposal covers the preparation and implementation of four pilot projects that will address maximizing climate benefits for HCFC phase-out in the refrigeration and air-conditioning manufacturing sectors, with the intent to leverage UNDP’s experience as a one-stop shop in environmental finance. These four proposed projects will contain details of technical interventions at the enterprise/sector level to improve energy-efficiency, national-level policy and regulatory interventions to sustain such interventions and their climate impacts, as well as the accounting of such climate impacts resulting from these interventions, particularly in the context of the voluntary emission reduction targets adopted by major Article 5 countries. These proposals will be developed within the framework of the obligations of the selected Article 5 countries under their respective HCFC phase-out management plan (HPMP), and will be submitted for funding from sources outside the Multilateral Fund. The detailed project description is included in Annex 2 to the Work Programme.

8. The table below provides a breakdown of the US \$200,000 requested by the UNDP:

Cost Components	Cost (US \$)
Technical experts/travel costs/DSA (US \$50,000 per project proposal)	200,000
Stakeholder consultations	50,000
Total	250,000
Matching in-kind co-financing from UNDP (already provided)	50,000
Funding requested from the Multilateral Fund	200,000
Total with support costs (9 percent)	218,000

9. This request includes matching in-kind co-financing from UNDP of US \$50,000 to cover the costs of its in-house carbon finance and other non-MP teams for providing technical services and for developing the structural, commercial, legal and policy elements if required.

Secretariat’s comments

10. UNDP’s revised proposal focuses on looking at co-financing opportunities to fund additional climate benefits for HCFC phase-out and does not currently include the consideration of ODS destruction

projects. It also includes a strengths, weaknesses, opportunities and threats (SWOT) analysis of the proposal. The Secretariat sought clarification from UNDP on how it intended to maximise climate benefits in the refrigeration and air-conditioning manufacturing sector, what projects would be developed and in what form, and how, these projects would be linked with the current HPMPs in preparation. It also sought information on the criteria for selection of such projects, especially if they were for specific countries.

11. UNDP mentioned that in the context of the current guidelines for funding conversion projects in the refrigeration and manufacturing sector under the Multilateral Fund, there are a number of parameters which are not eligible or fully eligible for funding which, if implemented by the country in its HPMP could yield higher climate benefits. These may include new technical changes to equipment design to improve energy efficiency such as high efficiency compressors and fans and new heat exchanger designs. This proposal therefore seeks funds to identify and prepare these projects either for an already approved HPMP or one that is yet to be submitted for consideration by the Executive Committee, concentrating on countries where UNDP is the lead agency. According to UNDP, the criteria for selecting a country will include the readiness of the Government and industry, suitability of institutional and regulatory arrangements and extent of collaboration between the ozone and climate officers in the country, among others. These projects would then be submitted for funding from other sources outside the Multilateral Fund using UNDP's funding sources. UNDP strongly believes that if funding for these projects is approved, this would allow for the introduction of other activities in the beneficiary country that would increase the climate benefits of HCFC phase-out.

12. The Secretariat also sought clarification on the intended outputs of the project and how these could mobilise resources to account for additional climate benefits. The Secretariat also asked UNDP whether the intention of the proposal was to develop a methodology for quantifying climate benefits by measuring, reporting and verifying the results of the proposed technical interventions in the sector being targeted. UNDP responded that the intention is not to develop a methodology, but acknowledged that the experience gained in developing these projects and looking at the requirements of other funding sources, as well as getting final approval, could be considered by the Executive Committee to be a model/example for a similar approach in future. UNDP likewise indicated that the approach could then be useful for integration into the Stage II of the HPMP, for countries with a manufacturing sector.

Secretariat's recommendation

13. The Executive Committee may wish to consider whether the project preparation for four pilot projects in the refrigeration and air-conditioning manufacturing sector that look at technical interventions to improve energy efficiency, national-level policy and regulatory measures to sustain such interventions in order to maximise the climate impact of HCFC phase-out should be funded as resource mobilization activities.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Chile: Renewal of institutional strengthening

Summary of the project and country profile		
Implementing agency:		UNDP
Amounts previously approved for institutional strengthening (US \$):		
	Phase I: Jun-92	213,000
	Phase II: Oct-96	113,500
	Phase III: Jul-98	143,500
	Phase IV: Dec-00	143,500
	Phase V: Nov-02	186,550
	Phase VI, year 1: Apr-05	93,275
	Phase VI, year 2: Nov-05	93,275
	Phase VII: Mar-07	186,550
	Phase VIII: Apr-09	186,550
	Total:	1,359,700
Amount requested for renewal (phase IX) (US \$):		186,550
Amount recommended for approval for phase IX (US \$):		186,550
Agency support costs (US \$):		13,991
Total cost of institutional strengthening phase IX to the Multilateral Fund (US \$):		200,541
Date of approval of country programme:		1992
ODS consumption reported in country programme (1989) (ODP tonnes):		1,055.2
Baseline consumption of controlled substances (ODP tonnes):		
(a) Annex A, Group I (CFCs) (average 1995-1997)		828.7
(b) Annex A, Group II (halons) (average 1995-1997)		8.5
(c) Annex B, Group II (carbon tetrachloride) (average 1998-2000)		0.6
(d) Annex B, Group III (methyl chloroform) (average 1998-2000)		6.4
(e) Annex E (methyl bromide) (average 1995-1998)		212.5
Latest reported ODS consumption (2009) (ODP tonnes) as per Article 7:		
(a) Annex A, Group I (CFCs)		21.7
(b) Annex A, Group II (halons)		0.0
(c) Annex B, Group II (carbon tetrachloride)		0.0
(d) Annex B, Group III (methyl chloroform)		0.0
(e) Annex E (methyl bromide)		149.6
(f) Annex C, Group I (HCFCs)		75.2
	Total:	246.5
Year of reported country programme implementation data:		2009
Amount approved for projects (as at November 2010) (US \$):		14,145,561
Amount disbursed (as at December 2009) (US \$):		8,971,661
ODS to be phased out (as at November 2010) (ODP tonnes):		1,261.2
ODS phased out (as at December 2009) (ODP tonnes):		965.6

1. Summary of activities and funds approved by the Executive Committee:

Summary of activities	Funds approved (US \$)
(a) Investment projects:	8,334,931
(b) Institutional strengthening:	1,359,700
(c) Project preparation, technical assistance, training and other non-investment projects:	4,450,930
Total:	14,145,561

Progress report

2. During the eighth phase of its institutional strengthening (IS) project the National Ozone Unit (NOU) coordinated the finalization of several activities related to achieving and maintaining the total phase-out of CFCs. These activities included the training in good practices of more than 2,500 technicians (estimated at the end of 2010), 99 equipment conversions, the preparation of a norm in good practices in servicing and the first steps in the development of a national technicians certification system. Additionally, the NOU delivered 13 equipment for spray foam manufacturing and in the solvents sector ensured through the technical assistance project that all users introduced alternatives or eliminated the use of ODS, including industries and laboratories. The preparation of the HCFC phase-out plan was completed and allowed the NOU to identify formulated polyols importers and exporters, and included it under the Article 7 report. The NOU also implemented awareness activities addressed to the general public, such as a successful painting contests and a museum exhibition. Finally, the National Commission of Environment (CONAMA) became the Ministry of Environment and the NOU worked to ensure awareness within the new Ministry of Environment of the new challenges faced by HCFCs.

Plan of action

3. During the next phase of the IS project Chile seeks to maintain the total phase-out of CFC consumption and to achieve compliance with the first HCFC control measure in 2013. The NOU will start the implementation of the HPMP phase I, the establishment of the adjusted Decree to control HCFCs and possibly the introduction in some way of the HCFC products and equipment control. This Decree will legally define the new HCFC reduction schedule. The NOU will also continue working in the establishment of the certification programme for technicians, the conversions of additional CFC- and HCFC-based equipment, the training of custom officers in HCFCs control, the consultation with all steering committees and the training on new technology in several sectors including foams and refrigeration. As part of the HPMP phase I the NOU will start the implementation of a group project to replace the use of HCFCs in foams by preblended hydrocarbons. Finally, the NOU will continue undertaking public awareness activities to support the CFCs, halons, methyl bromide and HCFC phase-out.

Georgia: Renewal of institutional strengthening

Summary of the project and country profile		
Implementing agency:		UNDP
Amounts previously approved for institutional strengthening (US \$):	Phase I: Nov-97	70,000
	Phase II: Dec-00	46,700
	Phase III: Apr-03	60,667
	Phase IV: Apr-05	60,667
	Phase V: Jul-07	60,667
	Phase VI: Apr-09	60,667
	Total:	359,368
Amount requested for renewal (phase VII) (US \$):		60,667
Amount recommended for approval for phase VII (US \$):		60,667
Agency support costs (US \$):		4,550
Total cost of institutional strengthening phase VII to the Multilateral Fund (US \$):		65,217
Date of approval of country programme:		1997
ODS consumption reported in country programme (1996) (ODP tonnes):		24.9
Baseline consumption of controlled substances (ODP tonnes):		
(a) Annex A, Group I (CFCs) (average 1995-1997)		22.5
(b) Annex A, Group II (halons) (average 1995-1997)		42.5
(c) Annex B, Group II (carbon tetrachloride) (average 1998-2000)		0.0
(d) Annex B, Group III (methyl chloroform) (average 1998-2000)		0.0
(e) Annex E (methyl bromide) (average 1995-1998)		13.7
Latest reported ODS consumption (2009) (ODP tonnes) as per Article 7:		
(a) Annex A, Group I (CFCs)		0.0
(b) Annex A, Group II (halons)		0.0
(c) Annex B, Group II (carbon tetrachloride)		0.0
(d) Annex B, Group III (methyl chloroform)		0.0
(e) Annex E (methyl bromide)		0.0
(f) Annex C, Group I (HCFCs)		4.6
	Total:	4.6
Year of reported country programme implementation data:		2009
Amount approved for projects (as at November 2010) (US \$):		1,857,798
Amount disbursed (as at December 2009) (US \$):		1,574,414
ODS to be phased out (as at November 2010) (ODP tonnes):		86.7
ODS phased out (as at December 2009) (ODP tonnes):		79.6

4. Summary of activities and funds approved by the Executive Committee:

Summary of activities	Funds approved (US \$)
(a) Investment projects:	550,500
(b) Institutional strengthening:	359,368
(c) Project preparation, technical assistance, training and other non-investment projects:	947,930
	Total:
	1,857,798

Progress report

5. All targets set out for the phase VI of the IS project were achieved in high efficient manner and on time and annual reports demonstrating compliance with terminal phase-out of CFCs, methyl bromide and halons in Georgia were developed and submitted to the implementing agencies.

Plan of action

6. The IS action plan for the next phase focuses on the HCFC phase-out and on meeting the 2013 HCFC freeze target. The planned activities and expected results are fully and clearly identified. Under this IS phase, NOU will be responsible for implementing, coordinating, integrating and supervising all activities for implementation of the Montreal Protocol in general and HPMP in particular.

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Annex II

**VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS OF
INSTITUTIONAL STRENGTHENING PROJECTS SUBMITTED TO THE 63rd MEETING**

Chile

1. The Executive Committee reviewed the terminal report presented with the institutional strengthening project renewal request for Chile and noted with appreciation the achievements made by Chile's National Ozone Unit during the implementation of the eighth phase. In particular the Executive Committee notes the progress made by Chile towards the successful application of the licensing system and the implementation of projects such as the CFC terminal phase-out plan, the solvents sector project and the preparation of the HCFC phase-out management plan. The Executive Committee commends the Government of Chile for its achievements during the previous phase of the institutional strengthening project and expresses the expectation that, in the next two years, Chile will continue the implementation of its programmed activities with outstanding progress, and will sustain and build upon its current levels of reductions in ODS.

Georgia

2. The Executive Committee reviewed terminal report presented with the institutional strengthening project renewal request for Georgia and noted with appreciation that Georgia reported data to the Ozone Secretariat indicating that Georgia is on track to meet the 2010 compliance targets. The Executive Committee is therefore optimistic that, in the next two years, Georgia will start the implementation of its HCFC phase-out management plan with outstanding success in order to meet the initial targets to freeze and reduce the consumption of HCFCs in 2013 and 2015, respectively.



**63rd Meeting of the Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol**

(04 - 08 April 2011, Montreal, Canada)

**2011 WORK PROGRAMME
UNDP**

07 February 2011

UNDP

2011 WORK PROGRAMME

I. EXECUTIVE SUMMARY

UNDP's 2011-2014 rolling Business Plan is being submitted separately for the consideration of the Executive Committee at the 63rd meeting, to be held in April 2011. This document represents the 2011 Work Programme and is also being submitted for consideration of the Committee at the 63rd Meeting. The summary of all funding requests submitted by UNDP to the 63rd ExCom Meeting is tabulated in Annex 1. Several project proposals, such as MYA tranches, HCFC investment projects, HCFC demonstration (full) projects and others listed above are not part of this document and are being submitted separately.

Only the following (non-investment) submissions are part of this document as per current practice and all requests are made in accordance with the provisions of the relevant decisions and guidelines of the Executive Committee. Section II provides more details about each of the categories of funding requests below:

Institutional Strengthening Extensions

The requests for funding for extensions of Institutional Strengthening projects are made for 2 countries: Chile and Georgia. Both of these requests cover funding requirements for the duration of 2 years.

Other Non-Investment Activities

UNDP had submitted to all ExCom meetings since the 57th a request for funding for a global technical assistance activity for resource mobilization for maximizing climate co-benefits. This request is also being resubmitted for the consideration of the Executive Committee at its 63rd meeting.

No project preparation activities are being requested as part of this Work Programme.

II. FUNDING REQUESTS PART OF THIS WP DOCUMENT

Institutional Strengthening Extensions

Funding requests for extensions of institutional strengthening projects are tabulated below:

Country	Type	Title	Duration (months)	Amount	Agency Fee	Total
Georgia	INS	Institutional Strengthening Renewal (Phase VII)	24	60,667	4,550	65,217
Chile	INS	Institutional Strengthening Renewal (Phase IX)	24	186,550	13,991	200,541
Total (2 requests)				247,217	18,541	265,758

The relevant detailed concepts and proposals are being submitted separately.

Other Non-Investment Activities

Requests for other non-investment activities are listed in the following table.

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Country	Type	Title	Duration (months)	Amount	Agency Fee	Total	Coop Agency
Global	TAS	Resource Mobilization to Maximize Climate Co-Benefits	12	200,000	18,000	218,000	N/A
Total				200,000	18,000	218,000	

The proposal for “Resource Mobilization to Maximize Climate co-benefits” (re-submission) is attached as Annex 2. Demonstration projects have been submitted separately.

III. SUMMARY OF FUNDING REQUESTS (WP)

The table below summarizes the funding requests for non-investment activities and proposals covered under the Work Programme for 2011:

Country	Type	Title	Duration (months)	Amount	Agency Fee	Total	Coop Agency
Global	TAS	Resource Mobilization to Maximize Climate Co-Benefits	12	200,000	18,000	218,000	N/A
Chile	INS	Institutional Strengthening Renewal (Phase IX)	24	186,550	13,991	200,541	N/A
Georgia	INS	Institutional Strengthening Renewal (Phase VII)	24	60,667	4,550	65,217	N/A
Total				447,217	36,541	483,758	

ANNEXES

Annex 1: List of all UNDP Submissions to the 63rd ExCom Meeting

Annex 2: Resource Mobilization to Maximize Climate Co-Benefits

ANNEX 1

List of all UNDP Submissions to the 63rd ExCom Meeting¹

No	Country	Type	Description	Total Funding Request (US\$)			Funding Request for the 63 rd ExCom (US\$)		
				Amount	Agency Fee	Total	Amount	Agency Fee	Total
1	Bhutan	INV	HPMP (UNDP component - Servicing Sector)	188,000	16,920	204,920	100,000	9,000	109,000
2	China	DEM	HCFC demonstration project (XPS Foams Sector)	1,973,300	147,998	2,121,298	1,973,300	147,998	2,121,298
3	China	DEM	HCFC demonstration project (Solvents Sector)	352,051	26,404	378,455	352,051	26,404	378,455
4	China	PHA	Sector Plan for HCFC phase-out in the ICR Sector	137,780,000	10,333,500	148,113,500	25,000,000	1,875,000	26,875,000
5	Indonesia	PHA	Overarching HPMP Strategy (Non-investment Components)	8,978,102	673,358	9,651,460	4,000,000	300,000	4,300,000
6	Indonesia	PHA	Air Conditioning Sector Plan						
7	Indonesia	PHA	Refrigeration Sector Plan						
8	Indonesia	PHA	Firefighting Sector Plan						
9	Iran	PHA	Overarching HPMP Strategy (Non-investment Components)	390,000	29,250	419,250	200,000	15,000	215,000
10	Iran	PHA	Residential Air Conditioning Sub-sector Plan	5,872,046	440,403	6,312,449	2,574,884	193,116	2,768,000
11	Iran	FOA	Foams Systems House	225,500	16,913	242,413	225,500	16,913	242,413
12	Nepal	INV	HPMP (UNDP Component - AC Assembly Sector)	49,000	3,675	52,675	49,000	3,675	52,675
13	Nepal	INV	HPMP (UNDP Components - Servicing Sector)	259,600	19,470	279,070	150,000	11,250	161,250
14	Timor Leste	INV	HPMP (UNDP Components – Servicing Sector)	144,200	12,978	157,178	119,200	10,728	129,928
15	Chile	PHA-INV	HCFC Phase-out Management Plan (Stage 1)	2,598,245	194,868	2,793,113	408,925	30,669	439,594
16	Chile	INS	Institutional Strengthening Renewal (Phase IX)	186,550	13,991	200,541	186,550	13,991	200,541
17	Georgia	INS	Institutional Strengthening Renewal (Phase VII)	60,667	4,550	65,217	60,667	4,550	65,217
18	Georgia	PHA-INV	HCFC Phase-out Management Plan (Stage 1)	536,800	40,260	577,060	200,000	15,000	215,000
19	Kyrgyzstan	PHA-INV	HCFC Phase-out Management Plan (Stage 1)	52,800	3,960	56,760	52,800	3,960	56,760

¹ a) All amounts are in US dollars; b) Special reports due (balances, status reports, etc.) are not included in this list and submitted separately; c) Joint projects/programmes with UNEP, where UNEP is the lead agency, are submitted by UNEP.

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No	Country	Type	Description	Total Funding Request (US\$)			Funding Request for the 63 rd ExCom (US\$)		
				Amount	Agency Fee	Total	Amount	Agency Fee	Total
20	Moldova	PHA-INV	HCFC Phase-out Management Plan (Stage 1)	88,000	6,600	94,600	88,000	6,600	94,600
21	DR Congo	PHA-INV	HCFC Phase-out Management Plan (Stage 1)	800,000	60,000	860,000	200,000	15,000	215,000
22	Ghana	DEM	ODS-Waste Management and Disposal Demo	219,776	19,780	239,556	219,776	19,780	239,556
23	Mali	PHA-INV	HCFC Phase-out Management Plan (Stage 1)	280,000	21,000	301,000	160,000	12,000	172,000
24	Swaziland	PHA-INV	Conversion from HCFC-141b in the Manufacture of Polyurethane Rigid Insulation Foam for Domestic and Commercial Refrigerators	1,852,845	138,963	1,991,808	1,852,845	138,963	1,991,808
25	Global	TAS	Resource Mobilization to Maximize Climate Co-Benefits	200,000	15,000	215,000	200,000	15,000	215,000
Total: (25 Requests)				163,087,482	12,239,841	175,327,323	38,373,498	2,884,597	41,258,095

ANNEX 2

Resource Mobilization to Maximize Climate Co-Benefits UNDP Revised Proposal

1. Resubmission of the proposal

In accordance with Executive Committee Decisions 58/22, 59/21, 60/22, 61/25 and 62/20, UNDP is resubmitting this proposal for consideration at the 63rd Executive Committee meeting. UNDP's proposal has been further revised to take into account comments from members and to adjust it in view of recent developments.

Developments on financing for climate change at the UNFCCC meetings continue to be mixed. In this context, UNDP continues to monitor international and national developments. Under the MP context, UNDP continues to work towards "selection of alternatives to HCFCs that minimise environmental impacts, in particular impacts on climate, as well as meeting other health, safety and economic considerations" and towards "prioritization of cost-effective projects and programmes which focus inter alia on substitutes and alternatives that minimise other impacts on the environment, including on the climate, taking into account global warming potential, energy use and other relevant factors" (extract from MOP Decision XIX/6).

The overall objective of this proposal is to develop concrete projects/interventions, which would lead to maximizing climate benefits of HCFC phase-out. In seeking to achieve this objective, UNDP will strive to leverage its experience as a *one-stop-shop* in environmental finance (more info under Attachment I of this proposal), with emphasis on sequencing different funding sources such as bilateral donors and private sector partners.

UNDP proposes to develop four concrete projects, which would contain details of technical interventions at the enterprise/sector level to improve energy-efficiency, national-level policy and regulatory interventions to sustain such interventions and their climate impacts and the accounting of such climate impacts as a result of such interventions, particularly in context of the voluntary emission reduction targets adopted by major A5 countries. These proposals will be developed within the framework of the obligations of the selected A5 countries under their respective HPMPs.

2. Project Description

UNDP sees the most potent opportunity to maximize climate benefits in HCFC phase-out in the Refrigeration and Air Conditioning manufacturing sectors, particularly in those A5 countries where HCFC phase-out in these sectors has been prioritized for Stage-I compliance, taking into account that:

- Depending on climatic conditions in a particular country, the impact of indirect CO₂ emissions (due to energy efficiency) contributes 60-90% of the overall climate impact.
- The enterprises in the Refrigeration and Air Conditioning manufacturing sectors have a one-time window for technology conversion. While changing the refrigerant from HCFCs to a non-ODS alternative (direct emission reduction) under the HPMP, technical interventions to improve energy efficiency (indirect emission reductions) can be most suitably and cost-effectively accomplished if implemented simultaneously and be rooted in the HPMP implementation timeframe.
- Most major A5 countries have taken on voluntary CO₂ emission reduction targets by 2020, which falls within the peak implementation timeframe for compliance with the HPMP Stage-1 and Stage-II targets. The technical interventions to improve energy efficiency could potentially concretely contribute to these targets.
- Prepared proposals will help countries to understand concretely the additional finance needed at enterprise level for maximizing climate co-benefits, and facilitate discussions with potential bilateral, private-sector and other financing entities.

Indicative technical interventions that would form a part of the concrete project proposals would include the following:

- Improving/optimizing the condenser fan aerodynamics

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- Improving/optimizing the heat exchanger design including not-in-kind heat transfer components
- Replacing controls and instrumentation for improved part-load performance
- Increasing the versatility of the system design to accept a wider range of prospective refrigerants without sacrificing energy efficiency

In order to develop such projects, the following activities are envisaged to be needed:

- Engaging technical experts for advising the selected project proponents as needed, on the technical interventions needed to improve energy efficiency
- Calculation of net climate impacts both due to direct and indirect emission reductions, using industry-standard tools such as LCCP
- Elaborating the detailed final proposals including the costs
- Facilitating discussions with potential bilateral, private-sector and other financing entities, to ensure common understanding of the proposal

3. SWOT Analysis

Strengths

- UNDP's positioning as the lead agency for HPMPs (and for the Refrigeration and Air Conditioning sectors) in major A5 countries, as well as its positioning in financing of environmental programmes through non-conventional financing, primarily due to its technical and policy expertise and its close relationship with several bilateral and private sector donors
- The relative sophistication of Refrigeration and Air Conditioning manufacturing enterprises in understanding of ozone and climate impacts and the technical interventions needed to maximize them in light of market competitiveness
- The relative technical objectivity in establishing climate impacts due to energy-efficiency improvements from an MRV (measuring, reporting, verification) perspective

Weaknesses

- Potential issues and uncertainties related to the accounting framework adopted for climate benefits associated with HCFC phase-out
- Ability of the selected enterprises/sectors to effectively carry out the required technical interventions within the timeframe available for compliance with the Stage-I targets

Opportunities

- Increasing trends towards MRV objectivity and bilateral and private-sector cooperation in environmental finance
- Progressing developments of new materials, technologies and processes, as well as a consolidation of high-technology research and development, potentially facilitating a quicker transition
- Increased access to information due to connectivity and networking
- Increased awareness of corporate social responsibility and extended producer responsibility
- Detail proposals can be used for resource mobilization purposes

Threats

- Potential barriers and resistance to technology transfer/sharing due to political/economic considerations and isolationist tendencies
- Lack of objective understanding of technical and policy interventions within the governance architecture
- Technological breakthroughs in energy production, which could potentially reduce the incentive for achieving energy-efficiency

4. Resource Requirements

The total costs are estimated as below for four project proposals

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Cost Type	USD
Technical expert costs, travel/DSA(\$50k/proposal)	200,000
Stakeholder consultations	50,000
Total	250,000
Matching in-kind co-financing from UNDP	50,000
Net MLF Funding Requirement	200,000
Total Requirement(including 9% support costs)	218,000

As set out above, UNDP will be making a contribution of in-kind services amounting to US\$50,000(to cover costs of its in-house carbon finance and other non MP teams for providing technical services and for developing the structural, commercial, legal and policy elements if required).

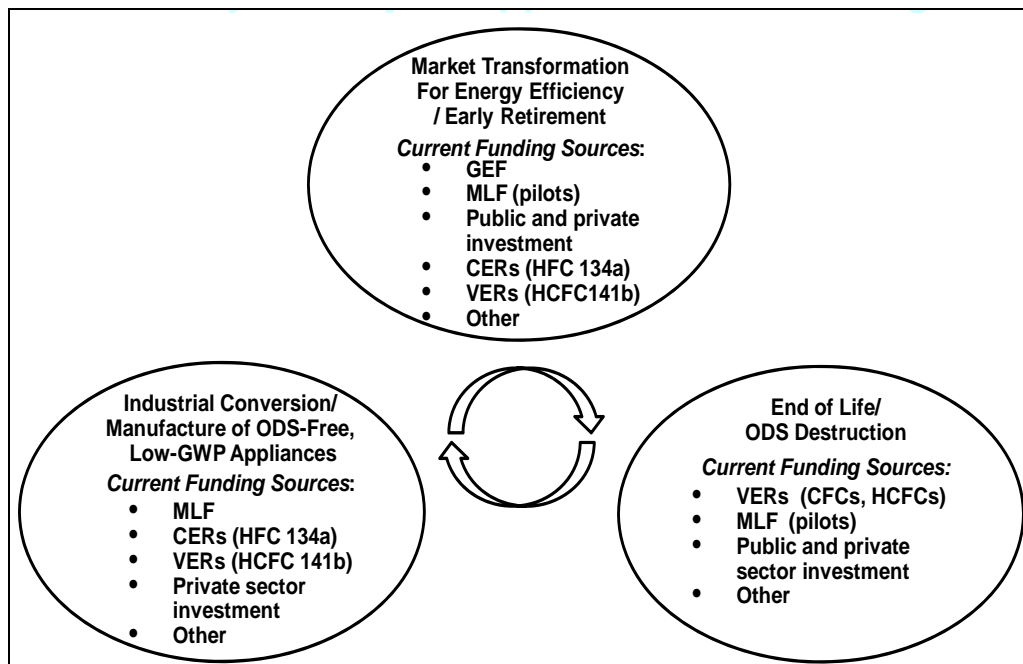
UNDP is submitting a request of US\$200,000 plus support costs for consideration of the Executive Committee at its 63rd ExCom meeting.

Attachment I

UNDP as a One-Stop-Shop for Financing of Climate Benefits

A central aspect of this proposal is for UNDP to act as a one-stop-shop to bring together different non-MLF funding sources to *fully address the* costs of climate benefits relating to HCFC phase-out and ODS destruction projects. The following figure illustrates the possible financing sources for life-cycle project opportunities (This figure is non-exhaustive, with a focus on the refrigeration & AC sector for illustration purposes).

Figure 1 Funding sources for ODS Life-Cycle Opportunities



UNDP is well positioned to draw upon its existing experience with different funding sources, particularly because UNDP is the lead agency for HPMPs as well as the agency implementing the HCFC phase-out in the Refrigeration and Air Conditioning manufacturing sectors in most major A5 countries, such as Bangladesh, Brazil, Colombia, China, India, Indonesia, Iran, Malaysia, Lebanon, etc. These include:

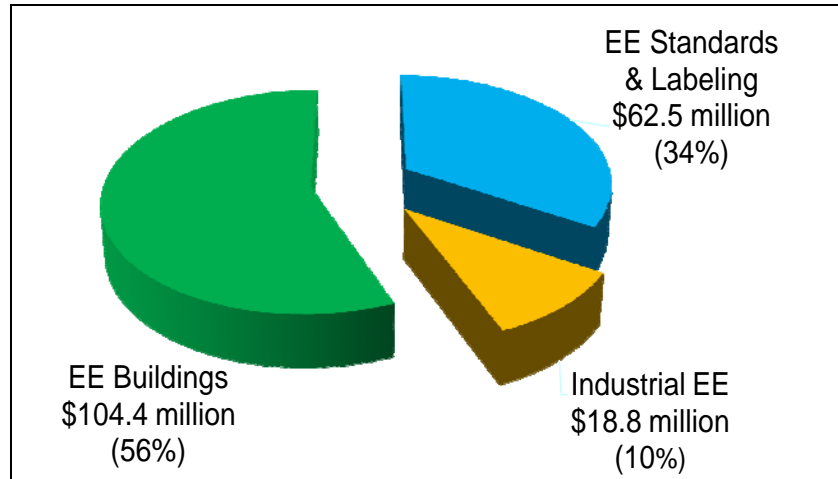
Multilateral Fund:

UNDP has long-standing expertise as an Implementing Agency for the Multilateral Fund since 1991. UNDP's current role as the Lead Agency for HPMPs in a significant number of key Article-5 countries places it in a unique position to identify and develop appropriate projects.

Global Environment Facility (GEF)

UNDP was designated in 1991 as one of the 3 Implementing Agency for the GEF. UNDP has a large portfolio of projects in the area of climate change, totaling over **US\$185 million**. Opportunities exist to do joint activities with ongoing programmes as well as designing new interventions to tap into funding in GEF 5, taking into consideration the GEF 5 climate change focal area objectives as well as the links with POPs, as far as destruction, and dioxins emissions due to incineration/burning.

Figure 2 UNDP's portfolio of GEF Energy Efficiency Projects (with links to Refrigeration & AC sector)



Carbon Finance

UNDP has been an active participant in the carbon finance arena since 2005 with established procedures, staff and expertise in place. In terms of direct emission reductions, UNDP is active in the following areas:

- The MDG Carbon Facility, which offers project development services for projects under the Clean Development Mechanism (CDM) and other carbon markets.
- UN REDD, which is pioneering carbon finance in 9 pilot countries in the area of avoided emissions from deforestation. As a new area of carbon finance like ODS, there are a number of similarities between the two which UNDP can use and exchange ideas and lessons learnt.

Bilateral and Private Sector Finance

UNDP has been proactive in leveraging bilateral and private-sector financing for its environment portfolio in recent years, and is currently engaged with significant partnerships with bilateral donors such as Australia and Norway (UN-REDD plus), Japan, Spain, Sweden, etc. and has ongoing and potential private sector partnerships with major multinationals such as Coca-Cola, Daikin, etc.