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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 UNIDO

COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. UNIDO is requesting approval from the Executive Committee of US \$620,000 for its 2011 Work Programme, plus agency support costs of US \$46,500. The Work Programme is attached to this document.
2. The activities proposed in UNIDO's Work Programme s are presented in Table 1 below:

Table 1: UNIDO's Work Programme

Country	Activity/Project	Amount Requested (US \$)	Amount Recommended (US \$)
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL			
A1. Project preparation for methyl bromide phase-out:			
Ecuador	Preparation of investment activities in cut-flowers production	45,000	45,000
	Subtotal for A1:	45,000	45,000
A2. Project preparation for HCFC phase-out management plan (HPMP):			
Libyan Arab Jamahiriya	Additional funding for HPMP preparation	65,000	65,000
	Subtotal for A2:	65,000	65,000
A3. Project preparation for HCFC phase-out investment activities:			
Bosnia and Herzegovina	Project preparation for investment projects (rigid PU foam applications)	30,000	30,000
Kuwait	Project preparation for investment projects (PU foam component)	60,000	60,000
Libyan Arab Jamahiriya	Project preparation for investment projects (PU foam component)	60,000	60,000
Yemen	Project preparation for investment projects (rigid PU foam component)	60,000	60,000
	Subtotal for A3:	210,000	210,000
SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION			
B1. Technical assistance:			
Global	Resource mobilization funding	300,000	*
	Subtotal for B1:	300,000	*
	Subtotal for sections A and B:	620,000	320,000
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):		46,500	24,000
Total:		666,500	344,000

*Project for individual consideration or pending

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

A1. Project preparation for methyl bromide phase-out

Ecuador: Preparation of investment activities in cut-flowers production: US \$45,000

Project description

3. UNIDO originally requested funding for the preparation of a methyl bromide (MB) project for Ecuador at the level of US \$60,000 plus support costs. The project will address the complete phase-out of the remaining use of MB in the country before 2015.

Secretariat's comments

4. The Executive Committee has approved MB phase out projects for Ecuador between the 24th and the 45th Meetings with funds amounting to a total of US \$922,189 excluding support costs, which were expected to phase out 52.2 ODP tonnes of MB. This amount included funds for project preparation of US \$80,000. These projects included a demonstration project and technical assistance designed to assist the country to comply with the MB phase-out targets under the Montreal Protocol. Based on these approvals, the remaining MB consumption eligible for funding in Ecuador is 14 ODP tonnes. The country's MB baseline is 66.2 ODP tonnes.

5. UNIDO and the Secretariat discussed the issues above and, in considering the remaining eligible consumption, UNIDO agreed to adjust the requested funding for project preparation to US \$45,000 to phase out the remaining consumption of MB in the country. The country also agrees that the resulting investment project will be the final project for MB, and that no additional funding will be provided for methyl bromide activities in future.

Secretariat's recommendation

6. The Secretariat would like to recommend blanket approval for the request for project preparation for a methyl bromide project in Ecuador at the level of funding of US \$45,000 on the understanding that the resulting investment project constitutes the final phase-out for methyl bromide in Ecuador, and that no additional project preparation funding will be provided for methyl bromide activities in future for the country.

A2. Additional Project preparation for HCFC phase-out management plans

Libyan Arab Jamahiriya: Additional funding for HPMP preparation US \$65,000

Project description

7. UNIDO submitted a request for additional project preparation funds amounting to US \$65,000 for Libyan Arab Jamahiriya, that had funds approved for HPMP preparation at the 55th Meeting of US \$85,000. The request is being submitted since Libya has reported Article 7 data for 2007 that shows consumption of HCFC-141b in addition to its HCFC-22 consumption.

Fund Secretariat's comments

8. The Secretariat noted that this submission is in line with decision 56/16 where countries that had only HCFC-22 consumption could submit requests for additional funding for HPMP preparation if data shows that there is consumption of HCFC-141b or other HCFCs used for manufacturing. The Article 7 data for 2007 reported by Libya shows HCFC-141b consumption of 140.27 mt.

Fund Secretariat's recommendation

9. The Fund Secretariat recommends blanket approval of the request for additional funding for the preparation of HCFC phase-out management plan for Libya at the level of funding requested of US \$65,000.

A3. Project Preparation for HCFC investment projects as part of the HPMP:

Bosnia and Herzegovina: Project preparation for investment projects (rigid polyurethane (PU) foam applications) US \$30,000

Kuwait: HPMP - Project preparation for investment projects (PU foam component) US \$60,000

Libyan Arab Jamahiriya: Project preparation for investment projects (PU foam component) US \$60,000

Yemen: Project preparation for investment projects (rigid PU foam component) US \$60,000

Project description

10. UNIDO requested additional funds for the preparation of investment activities for the four countries listed above that have already had HPMP preparation funding approved. In its submission, UNIDO provided basic information about the country's HCFC consumption and sectors where HCFCs are used, and how these sector plans will link to a comprehensive HPMP in particular for countries where implementation is being shared by more than one agency. The information supporting each of the requests is presented in UNIDO's Work Programme.

Secretariat's comments

11. The Secretariat reviewed UNIDO's submission in detail and sought clarification where necessary. In its review, the Secretariat found that the information submitted by UNIDO for each of the countries listed above and the funding requested is consistent with that required in decision 56/16. It also notes in particular that UNIDO has consulted with other agencies for those countries where they are collaborating in the HPMP preparation process, and that there is a clear understanding on the division of responsibilities for each agency.

Secretariat's recommendation

12. The Secretariat recommends blanket approval for the requests for the preparation of the investment activities of the HPMPs in Bosnia and Herzegovina, Kuwait, Libyan Arab Jamahiriya and Yemen, at the level of funding indicated in Table 1 of this document.

B1. Technical assistance

Global: Resource mobilization for HCFC phase-out and climate co-benefits: US \$300,000

Project description

13. UNIDO is submitting a proposal for a technical assistance project for mobilizing resources to maximize climate benefits of HCFC phase-out, at a funding level of US \$300,000 for consideration by the 63rd Meeting. This is a revised proposal from that which was initially submitted at the 61st Meeting where consideration was deferred by the Executive Committee to a future meeting. The proposal includes a concept note describing the objectives, activities, as well as expected results of this project.

14. The main objective of this proposal is to identify and utilize suitable schemes for mobilizing additional sources of co-financing, which are based on the "commercialization" of the climate benefits associated with UNIDO's ODS related projects that have already been achieved successfully. It also aims to enhance cost-effective projects and programmes that focus on substitutes and alternatives minimizing other impacts on the environment such as global-warming potential, energy use, and other parameters with priority to be given to investigate additional financing and implementation of phase-out projects that utilize substances with zero ODP and zero or negligible ODP.

15. According to the proposal, the main activities in the project will include an analysis of the legal and financial framework for monetizing climate co-benefits; identifying suitable projects for co-financing within UNIDO's existing project portfolio; submitting such projects for funding from sources outside the Multilateral Fund, and reporting on the results.

16. The table below provides a breakdown of the US \$300,000 as requested by UNIDO:

Cost Components	Cost (US \$)
International Consultants	90,000
National Consultants	30,000
Travel	30,000
Application for co-financing mechanism	96,000
Dissemination of results	54,000
Total	300,000

Secretariat's comments

17. The Secretariat noted that the results of the proposal by UNIDO may identify projects that will allow countries to get co-financing for elements that will maximise climate co-benefits. UNIDO's approach will initially look at the current co-financing options available by doing an analysis of what these are. This would then allow UNIDO to identify and prioritise projects based on the requirements of these possible funding sources, develop them and submit proposals for approval.

18. The Secretariat sought clarification from UNIDO on the expected outputs of the proposal, the type of projects that will be included in this proposal and the criteria used to identify these projects. UNIDO responded that such projects will be identified and prioritized based on their emission reduction potential and their eligibility for receiving funding from identified institutions and markets where climate benefits can be commercialized. UNIDO also mentioned that the expected outputs would be to "foster additional project development that would not be realized due to insufficient investment viability", the meaning of which the Secretariat understood is to explore possibilities for funding aspects of the HCFC phase-out that are not eligible for Multilateral Fund assistance under the current guidelines. UNIDO also mentioned that "the results of the project will build upon UNIDO's concrete project experience and the ultimate generation of additional cash flows in the realization of project measures".

19. In reviewing the costs proposed for the project, the Secretariat noted the need for international and national consultants and requested clarification on these budget items. It also noted a cost associated with "application fees for co-financing" and likewise requested UNIDO to explain what this is for. UNIDO indicated that international consultants with expert knowledge in climate benefits are necessary to provide a wider view of available approaches and to make necessary analyses, together with UNIDO staff. National consultants are needed to conduct collection of data, undertake surveys and assist in the training of local stakeholders during the phase where a proposed project for additional funding for climate benefits is conceptualised in already existing HPMPs. With regard to the application fee, UNIDO explained that this cost item is needed to cover the whole process of project application from other funding sources, which would include project preparation, validation of data as well as registration with the United Nations Framework Convention on Climate Change (UNFCCC).

20. From the clarification provided by UNIDO, the Secretariat noted that the proposal suggests that the funds will be used for project preparation for aspects of the HPMPs that have not been clearly defined and may or may not result in additional funding from other sources for climate benefits.

Secretariat's recommendation

21. The Executive Committee may wish to consider whether project development for possible co-financing for HCFC activities and disseminating results of these projects should be funded as resource mobilization activities.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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

UNIDO Work Programme

63rd Ex.Com.

UNIDO

Work Programme - 63rd Ex.Com. (& February 2011)

Introduction

The UNIDO Work Programme for the consideration of the 63rd Ex.Com. of the Multilateral Fund has been prepared following the government requests as well as based on ongoing and planned activities. The Work Programme will support the implementation of UNIDO's three year Rolling Business Plan 2010-2012.

Focus has been put on the additional investment activities to phase-out HCFCs in Article 5 countries, with a view to the forthcoming countries compliance needs in 2013 and 2015.

In addition to the above HCFCs phase-out preparatory activities, global technical assistance proposal on Mobilizing Co-Financing for MLF funded Projects based on the "Monetization" of their Climate Benefits was included.

The work programme amendment to be considered by the 63rd Ex.Com. Meeting included also the preparatory funding request for Ecuador, for eliminating the remaining MeBr consumption in the cut-flowers sector.

The document comprises the following sections:

Section 1

Gives in a tabulated form by project types and country a consolidated list of activities foreseen for HCFCs investment activities, additional HPMP funding and the above mentioned MeBr preparatory funding request.

Funding is requested as follows:

- HCFCs investment activities preparation: US\$ 295,625 (including 7.5% A.S.C.)
- Project preparation for MeBr phase-out in cut flowers production in Ecuador: US\$ 48,375 (including 7.5% A.S.C.)
- Global Project on resource mobilization: US\$ 322,500 (incl. 7.5 % ASC)
- **Total: US\$ 666,500 (including A.S.C.)**

Section 2

Section 2 provides the corresponding project concepts indicating some details and funding requirements.

Section 1

Consolidated table giving project preparation and non-investment projects in all countries and sectors

Country	Type	Substance	Title of Project	Requested amount USD	A.S.C USD	Total (incl ASC) USD	A.S.C. %	P. D.	Remarks
Project preparation for HCFC phase-out and related investment components									
Bosnia and Herzegovina	PRP	HCFC 141b	HPMP - Investment Activities in Foam Sector (rigid PU foam applications)	30,000	2,250	32,250	7.5	12	
Kuwait	PRP	HCFC 141b	HPMP - Investment Activities in Foam Sector (PU foam component)	60,000	4,500	64,500	7.5	12	
Libyan Arab Jamahiriya	PRP	HCFC 22	Additional funding for HPMP preparation	65,000	4,875	69,875	7.5	12	
Libyan Arab Jamahiriya	PRP	HCFC 141b	PU Foam investment component of HPMP	60,000	4,500	64,500	7.5	12	
Yemen	PRP	HCFC 141b	HPMP - Rigid PU Foam Component	60,000	4,500	64,500	7.5	12	
			HCFCs Inv/ HPMP - PRP Subtotal	275,000	20,625	295,625			
Project preparation for MeBr phase-out									
Ecuador	PRP	MeBr	Preparation of Investment activities in cut-flowers production	45,000	3,375	48,375	7.5	12	
			Subtotal	45,000	3,375	48,375			
Technical assistance for funds mobilization									
Global	TAS	SEV	Mobilizing Co-Financing for MLF funded Projects based on the "Monetization" of their Climate Benefits	300,000	22,500	322,500	7.5	18	
			Subtotal	300,000	22,500	322,500			
			Grand Total	620,000	46,500	666,500			

UNIDO

Work Programme - 63rd Ex.Com.

Section 2

Project concepts

Project Concept

Country: Bosnia and Herzegovina

Title: Preparation of investment activities for the phase-out of HCFCs in the PU Foam

Project Duration: 12 months

Project Budget: US\$ 32,250 (incl. 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Coordinating Agency: Ministry of Foreign Trade and Economic Relations - National Ozone Cell

Project Summary

Bosnia and Herzegovina initiated its HPMP preparation process and finalized the detailed survey of the HCFCs consumption by subsectors and activities.

The 2009 Country Programme Progress implementation Report, as well as the Article 7 Data Report, registered the consumption of 27 MT HCFC 141b used in production processes, at Poliolchem Tuzla Company. The mentioned Company is having local ownership and it is producing premixed polyol using 141b directly from import.

Based on the fact that the Company Poliolchem Tuzla is supplying 9 local end-users, foam producers within the SMEs category, with relatively low consumption per company per year and thus not eligible to be subject of stand-alone investment components, UNIDO will address the SH producer, Poliolchem Tuzla, while the end-users will be covered by the other HPMP activities.

This preparatory activity is of relevance for enabling the country compliance to the 2013 and 2015 HCFCs phase-out targets.

Project Concept

Country: Kuwait

Title: Preparation of investment activities for the phase-out of HCFCs in the PU Foam sector

Project Duration: 12 months

Project Budget: US\$ 64,500 (incl. 7.5% Agency Support Costs) for the PU Foam sector

Implementing Agency: UNIDO

Coordinating Agency: Ministry of Environment - National Ozone Unit

Project Summary

The Kuwait 2009 HCFCs reported consumption according to Article 7 data report amounted 398.1 ODP tonnes.

The Kuwait's 2007 and 2008 Country Programme Progress Implementation Reports as well as the Art 7 Data reports consumption of Kuwait are indicating significant consumption of HCFC 141b, HCFC 142b, as well as HCFC 22 in the foam production manufacturing sub-sectors as well as in the refrigeration servicing sector.

The estimated breakdown of HCFCs consumption mentioned above, by substance is shown below:

Foam manufacturing activities	Consumption (MT)	
	2007	2008
HCFC 22	734	774
HCFC 142b	1,102	1,160
HCFC 141b	287	522
Total	2,123	2,456

In order to ensure that Kuwait meets the 2013 and 2015 HCFC reduction targets urgent actions are required in the foam manufacturing sectors, including sector strategy.

The Government of Kuwait requested UNIDO to submit preparatory funding request for the preparation of investment component in the PU Foam sector, as part of the HPMP.

Project Concept

Country: Libyan Arab Jamahiriya

Title: 1. Additional funding request for the preparation of the HPMP and
2. Preparation of investment activities for the phase-out of HCFCs in the PU Foam manufacturing sector

Project Duration: 12 months

Project Budget I: US\$ 69,875 (incl. 7.5% Agency Support Costs) - additional funding for HPMP preparation

Project Budget II: US\$ 64,500 (incl. 7.5% Agency Support Costs) for the Foam sector investment component

Implementing Agency: UNIDO

Coordinating Agency: Environment General Authority -
National Ozone Unit

Project Summary

The 55th Ex.Com. Meeting of the MLF approved US\$ 85,000 to enable the country to initiate the HPMP preparation. According to the country reported consumption, Libya is eligible for a total amount of 150,000 USD for preparatory activities in connection to the HPMP activities. Thus, the Government of Libyan Arab Jamahiriya requested UNIDO to address the additional funding request to enable the country to finalize its HPMP preparation.

A detailed survey has been initiated in cooperation with UNIDO, based on the initial approved funding for the HPMP, to identify all the end-users within the context of the HPMP development process. The results of the survey carried by national consultants showed relevant consumption in the foam sector, it identified approx 140 MT HCFC 141b / year, in 2007 and approximately similar consumption in the year 2008. As a result, Libya NOU submitted amended data for the year 2007 to the Ozone Secretariat to correct their data reporting and register the HCFC 141b identified consumption.

Preliminary data of the HCFCs survey identified as foam applications the insulation rigid foam.

In order to ensure that Libya meets the 2013 and 2015 HCFC reduction targets urgent actions are required in the foam manufacturing sub-sector.

Based on the amended reported consumption, Libya is eligible for additional funding for the preparation of investment component for the phase out of HCFCs in the foam manufacturing sector

The Government of Libya requested UNIDO to submit funding requests for the preparation of sector plan for PU Foam sector.

The priority needed for the above mentioned sectors is supported by the Country Programme Progress implementation Reports for 2007, which shows similar HCFCs foam sectoral consumption.

Therefore sector strategic approach to convert technologies in the rigid PU foam manufacturing is critical in achieving the consumption reduction steps.

Sector strategies and investment projects will be prepared by UNIDO in cooperation with the Governmental institutions support, to enable Libya to achieve the 2013 freeze as well as 2015 reduction target, in line with the priorities of the HPMP.

Project Concept

Country: Yemen

Title: Preparation of investment activities for the phase-out of HCFCs in the PU Foam

Project Duration: 12 months

Project Budget: US\$ 64,500 (incl. 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Coordinating Agency: Environment Authority - National Ozone Unit

Project Summary

Yemen initiated its HPMP preparation process and finalized the detailed survey of the HCFCs consumption by subsectors and activities, based on the US\$ 70,000 preparatory funding approved by the 55th Ex.Com. Meeting of the Multilateral Fund.

The national survey carried out, the Country Programme Progress Report for the year 2008 as well as the Article 7 Data Report, registered the consumption of 9.2 MT HCFC 141b used in production process (several medium size companies). The mentioned Company is having local ownership and it is producing using 141b directly from import.

Having regarded the priority in phasing out HCFC 141b given by the Ex.Com. Decision and by the development process of the HPMP, the Government requested UNIDO to include in its work programme amendment the preparatory request for an investment project, as component of the HPMP, to eliminate the HCFC 141b consumption and contribute to the goal of the country in achieving its 2013 and 2015 compliance targets.

Project Concept

Country: Ecuador

Title: Preparation of Investment activities in cut-flowers production

Project Duration: 12 months

Project Budget: US\$ 48,375 (incl. 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Coordinating Agency: Environment Authority - National Ozone Unit

Project Summary

According to the official data reporting under the Article 7, Ecuador MeBr consumption is 51 ODP tonnes.

	2007	2008	2009	Baseline
MeBr (ODP tonnes)	122.4	51.0	51.0	66.2

The national survey carried out by the National Ozone Unit is showing that the above mentioned consumption belongs to approximately 30 farmers, being used in fumigation activities in the production of the cut-flowers.

Previous initiatives, to phase-out such MeBr consumption, were initiated but not finalized.

Thus, the Government of Ecuador requested UNIDO to include in its work programme amendment the preparatory funding request for an investment project, to completely eliminate the MeBr consumption from the cut flowers production and enable the country to fully comply to the Montreal Protocol provisions by the year 2015.

Project Concept

Country: Global

Title: Mobilizing Co-Financing for MLF funded Projects based on the "Monetization" of their Climate Benefits

Project Duration: 18 months

Project Budget: 322,500 (including 7.5% Agency Support Costs)

Implementing Agency: UNIDO

Project Summary

Background

The issues of ozone depletion and climate change have been at the forefront of the international community's environmental agenda for several years. Many chemicals used as refrigerants and blowing agents not only are depleting the ozone layer (Ozone Depleting Substances = ODS) but are also having a significantly adverse effect on the global climate (Greenhouse Gases = GHGs). While the Montreal Protocol regulates the production and consumption of ODS, the Kyoto Protocol covers emissions from GHGs not being regulated by the Montreal Protocol (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆).

Since its entry into force in 1989 the Montreal Protocol has successfully phased out the consumption and production of the most powerful ODS the Chlorofluorocarbons (CFCs, Ozone Depleting potential = ODP 0.6 -1. However Hydro chlorofluorocarbons (HCFCs) having replaced CFCs in many applications still have a negative impact on the ODS (e.g. HCFC-22 ODP 0.055 or HCFC 141b ODP 0.11) and on the climate (e.g. HCFC-22 GWP 1810). Moreover the most common chemicals to replace e.g. HCFC 22 (HFC-407C, HFC-410A) have 0 ODP but still may have a very powerful GWP.(HFC-407C ca 1600, HFC-410A ca 1890). Even though this fact should be considered (Ex.Com. advises the MPs to switch to technologies that are favorable in terms of energy efficiency and GWP) in designing HCFC Phase-out Management Plans (HPMP) there is no obligation for Article 5 countries to switch to less powerful GWP gases.

While the MLF has the mandate to provide funding and assistance for covering the incremental costs relating to the phase out of ODS and thereby has already been successful in achieving remarkable results in the reduction of GHG emissions (as a by-product of ODS phase out projects), the generation of climate benefits from additional efforts is not mandated by the MP and therefore associated costs are not covered by MLF.

UNIDO as implementing agency is assisting several Article 5

countries in the implementation of Decision XIX/6 to accelerate the phase out of production and consumption of HCFCs. Accordingly, UNIDO is facilitating appropriate phase out scenarios and is constantly additional funding mechanisms based on the monetization of associated climate benefits to successfully enlarge the quantity of ODS phase out projects implemented.

Objective of the Proposal

Therefore the main objective of this proposal is to identify and utilize suitable schemes for mobilizing additional sources of co-financing which are based on the already achieved successful "commercialization" of the climate benefits associated with UNIDO's ODS related projects. Further, to enhance cost-effective projects and programs that focus on substitutes and alternatives minimizing other impacts on the environment such as global-warming potential, energy use, etc. priority has to be given to investigate additional financing and implementation of phase-out projects that utilize substances with zero ODP and zero or negligible GWP.

Consequently, to achieve those overall objectives the proposal is structured into four work packages:

WP 1 Analyzing the Legal and Financial Framework for Monetizing Climate Benefits

The 1st work package focuses on existing institutions, agreements and markets where climate benefits can be commercialized. This will include (but is not limited to):

- The Kyoto related carbon market (such as CDM/JI,) and implications likely to be imposed by the CDM-reform
- The voluntary carbon market
- Funding of climate benefits by international institutions such as GEF, World Bank Climate Funds
- Funding of climate benefits through bilateral agreements (e.g. National Appropriate Mitigation Actions etc.)
- National programs as for example energy efficiency programs (e.g. replacement of old domestic refrigerators with new state of the art low GWP containing refrigerators)

The results of this work package cover aspects such as what funding mechanism are appropriate to which types of ODS related projects. Results are further detailed to prices that can be achieved per tCO₂e and relevant risk assumptions such as application procedures and duration of administrative processes.

WP 2 Identifying Suitable Projects for Co-Financing in UNIDO's ODS Related Project Pipeline

The 2nd work package acknowledges the widespread ongoing project activities of UNIDO and the immanent necessity to activate further sources of co-financing to foster these programmes and

identifies suitable projects for co-financing in UNIDO's project pipeline. This will include

- Estimating (indicatively) emission reductions of climate benefits based on existing standards and methodologies (IPCC, CDM/CAR/VCS methodologies, GEF guidelines or [available] Life Cycle Approaches)
- Prioritizing project based on their emission reduction potential for further investigations
- Quick-Check if prioritized projects meet any of the application criteria of funding mechanisms identified under WP1
- Selecting demonstration projects

The results of this work package will build upon UNIDO's concrete project experience such as the application to CDM-methodologies in the switch from HFC-134a to isobutene in Egypt or energy efficiency gains in chiller replacements. The climate benefit related to the conversion of these project experiences ultimately creates cash flows that will enhance further project activities and outruns the original MLF contribution to this proposal.

WP 3 Applying Co-Financing Mechanisms to Selected Projects

The 3rd work package consists of the application of co-financing mechanisms to selected ODS related projects.
Exemplary:

In the case the Clean Development Mechanism is used this will include:

- Preparation of Project Design Document (covering: description of technology employed, baseline scenario, additionality, description of environmental impact assessment, description of stakeholder process, monitoring plan)
- Validation
- Registration at the UNFCCC
- Pre-Selling Certified Emission Reductions

To approach additional funding from the carbon market, project activities are referenced against existing CDM methodologies. Relevant existing CDM methodologies usually focus on manufacturing or production processes where emission reductions stem from direct avoidance of GHGs or indirectly through energy efficiency gains.

WP 4 Reporting and Dissemination

The 4th work package covers the dissemination of results and experiences of this innovative approach by preparing a report, organizing workshops and contributing to conferences.

Cost Breakdown (in US\$)

• International Consultants	90,000
• National Consultants	30,000
• Travel and other administrative costs	30,000
• Application of Co-financing Mechanisms	96,000
• Dissemination of results	54,000
Total	300,000

Tentative Time Frame

	Tasks	Months																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	Work packages																		
	Project Management																		
	Travel and other administrative costs																		
WP1	Legal/Financial framework				▲ 1														
WP2	Identifying projects						▲ 2												
WP3	Application of Co-financing Mechanisms													▲ 3					
WP4	Dissemination																		▲ 4
	▲ Milestones																		

▲ Milestones:

- 1: Final Report on Co-Financing Mechanism for Climate Benefits
- 2: Selected Projects for Application of Co-Financing Mechanism
- 3: Application Procedure (for co-financing) Finalized for Selected Projects
- 4: Dissemination of results