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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-sixth Meeting  
Montreal, 16-20 April 2012

**BILATERAL AGENCIES BUSINESS PLANS FOR THE YEARS 2012-2014**

## COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

### Introduction/Background

1. Bilateral cooperation may be considered as a contribution to the Multilateral Fund up to a value of 20 per cent of a country's annual pledge to the Fund, consistent with any criteria specified by decisions of the Parties. The Executive Committee decided to allow flexibility in the year for which bilateral projects would be credited, provided that bilateral agencies submitted their work plans at the beginning of the year in time for the Secretariat to transmit them to the Executive Committee for consideration during discussions of the business plans at the Committee's first meeting of the year (decision 25/13(a)).

2. The following non-Article 5 countries submitted business plan tables to the 66<sup>th</sup> meeting: Germany and Japan.

### RESOURCE ALLOCATION

3. Based on the business plan, bilateral agencies intend to conduct activities during 2012 (excluding regional projects) in 12 Article 5 countries, namely: Botswana, Brazil, China, Ghana, India, the Islamic Republic of Iran, Kenya, the Lao People's Democratic Republic, Mexico, Papua New Guinea, Yemen and Zimbabwe.

4. Table 1 presents, by year, the value of activities included in the bilateral agencies' business plans according to categories "required for compliance" and "not required for compliance".

Table 1

#### RESOURCE ALLOCATION IN BUSINESS PLANS SUBMITTED BY BILATERAL AGENCIES TO THE EXECUTIVE COMMITTEE (2012-2014) (US \$000s)

Required/Not required by model	2012	2013	2014	Total
Required for compliance (MYAs and standard costs)	9,257	2061	1145	12,463
Required for compliance (HCFCs)	2,421	983	762	4,166
Not required for compliance (ODS disposal)	2,000			2,000
<b>Grand total</b>	<b>13,678</b>	<b>3,044</b>	<b>1,907</b>	<b>18,629</b>

5. The bilateral agencies have included activities valued at US \$13.68 million in 2012 and a total value of US \$18.63 million over the period 2012 to 2014. It should be noted that traditional bilateral donors, such as Australia, Canada, the Czech Republic, Finland, France, Italy, Portugal, Spain, Switzerland, the United Kingdom of Great Britain and Northern Ireland, and the United States of America did not submit bilateral business plans and the total value of bilateral activities could increase in the event of such submissions.

### Multi-year agreements (MYAs) and standard costs

6. Table 2 presents information on the bilateral agencies' multi-year agreements (MYAs) and institutional strengthening (IS) activities that are considered to be required for compliance under the adjusted business plan.

Table 2

**REQUIRED FOR COMPLIANCE WITH MYAs AND STANDARD COSTS (2012 to 2014)  
(US \$000s)**

<b>Required by model</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Approved MYAs	9,189	1,993	1,145	12,327
IS	68	68	0	136
<b>Total (required for compliance for MYAs and standard costs)</b>	<b>9,257</b>	<b>2,061</b>	<b>1,145</b>	<b>12,463</b>

7. Annual tranche activities are included in the bilateral agencies' business plans for Germany, Italy, Japan and Spain despite the fact that Italy and Spain did not submit a business plan.

### HCFC activities

#### Climate impact

8. Table 3 sets out the results of the climate impact measurements provided in bilateral agencies' business plans for HCFCs by sub-sector and shows that the plans could result in the reduction of 0.51 CO<sub>2</sub>-equivalent tonnes in millions.

Table 3

**CLIMATE IMPACT OF HCFC ACTIVITIES IN BILATERAL AGENCIES' 2012-2014  
BUSINESS PLANS (IN MILLIONS OF CARBON DIOXIDE-EQUIVALENT TONNES)**

<b>Sub-sector</b>	<b>Total business plan values* (US \$000)</b>	<b>CO<sub>2</sub>-equivalent tonnage (in millions) for one year of reductions</b>
Approved multi-year	15,998	0.36
Foam rigid	500	0.00
Foam XPS	500	0.00
Refrigeration servicing (LVC countries)	1,395	0.07
Refrigeration servicing (non-LVC countries)	2,254	0.08
<b>Grand Total</b>	<b>20,647</b>	<b>0.51</b>

\*Also includes values after 2014.

### COMMENTS ON BILATERAL AGENCIES BUSINESS PLANS

9. The Fund Secretariat reviewed each bilateral donor's business plan and provided comments on several of the proposed activities. This section summarizes some of the information contained in the bilateral business plans, by donor country.

#### Germany

10. Germany's 2012-2014 business plan includes MYAs, IS, HCFC phase-out management plans (HPMPs), investment and technical assistance activities. Twenty per cent of Germany's annual pledged contribution for 2012 amounts to US \$2,727,612. Table 4 presents a summary of the resource allocation in Germany's 2012-2014 business plan.

Table 4

**ALLOCATION OF RESOURCES FOR GERMANY (US \$000s)**

<b>Required by model</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Required for compliance (MYAs and standard costs)	8,216	1,981	986	11,183
Required for compliance (HCFCs)	1,421	983	762	3,166
<b>Grand total</b>	<b>9,637</b>	<b>2,964</b>	<b>1,748</b>	<b>14,349</b>

11. Germany has covered activities valued at US \$9.64 million in 2012 and a total value of US \$14.35 million over the period 2012 to 2014.

Comments

12. The value associated with MYAs for the period 2012 to 2014 consists of US \$10.82 million for HCFC activities and US \$225,000 for MB activities. Germany proposed amounts for MYAs that exceed the records of the Fund Secretariat by US \$550,506. The Secretariat's proposed adjustments would modify the MYA amounts in the agency's business plan to reflect the records of the Fund Secretariat.

13. Germany has included US \$136,000 for IS during 2012-2014 for Papua New Guinea. According to decision 63/47(a), the Executive Committee has approved the HPMP for Papua New Guinea for the period 2011 to 2025 (including IS), on the understanding that there would be no more funding eligibility for HCFC phase-out in the country after 2025. The Secretariat's proposed adjustments would reduce Germany's business plan by US \$136,000 according to this decision.

14. The total level of funding for projects for the HCFC servicing sector in low-volume-consuming (LVC) countries is US \$912,000 representing a reduction of 13.5 ODP tonnes for the period 2012 to 2014. At its 60<sup>th</sup> meeting, the Executive Committee established HPMP values for activities to comply with the 2015 and 2020 control measures according to projected baselines. At its 62<sup>nd</sup> meeting, the Executive Committee agreed to base a 100 per cent phase-out on a pro rata share of the 2020 funding level to meet the 35 per cent reduction (decision 62/10). The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable level of funding for LVC countries in line with decision 60/44(f)(xii) for the HCFC servicing sector, according to the reduction from the baseline. This would increase the total level of funding for these projects by US \$80,052.

15. The total level of funding for projects for the HCFC refrigeration servicing sector in non-LVC countries is US \$2.25 million representing a reduction of 24.3 ODP tonnes for the period 2012 to 2014. Decision 60/44(f)(xv) establishes a threshold of US \$4.50/metric kilogram (metric kg). The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable level for the refrigeration servicing sector in non-LVC countries as per this decision and reduce the total level of funding for these projects by US \$7,465.

16. Germany's business plan for 2012 contains activities valued at US \$9,637,000, which is above the 20 per cent level for 2012 (US \$2,727,612). The total value for the 2012-2014 triennium is US \$14,349,000. Twenty per cent of Germany's pledged contributions for the triennium is US \$8,182,837. Germany's business plan for the 2012-2014 triennium has therefore exceeded the maximum level of bilateral contributions by US \$6,166,163. The Committee may wish to recall that a similar situation arose for Germany in the previous three triennia, which led to the need to defer part of the funding for the agreed annual tranches for MYAs until the next triennium.

17. Germany has US \$8.15 million in its 2012 business plan for annual tranches of five approved MYAs including four HPMPs for Brazil, China, Iran (Islamic Republic of) and Zimbabwe and a methyl bromide sector project in Yemen. Therefore, there are insufficient funds to address the US \$3.166 million

in HCFC activities required for compliance. As shown in Table 4, the activities in Germany's business plan that are already committed exceed 20 per cent of Germany's bilateral contribution for the 2012-2014 triennium. The Executive Committee may wish to consider whether the over-programming in Germany's business plan can be maintained in the light of funding already approved for multi-year agreement commitments during the 2012-2014 triennium.

### Italy

18. Although no business plan was submitted in 2012, Italy will be requesting a tranche for the approved MYA in Ghana valued at US \$67,800. Twenty per cent of Italy's pledged contributions for 2012 amounts to US \$1,700,590. Table 5 presents a summary of the resource allocation in Italy's 2012-2014 business plan.

Table 5

#### ALLOCATION OF RESOURCES FOR ITALY (US \$)

<b>Required/Not required by model</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Required for compliance (MYAs and standard costs)	67,800		79,100	146,900
<b>Total</b>	<b>67,800</b>	<b>0</b>	<b>79,100</b>	<b>146,900</b>

### Japan

19. Japan has planned activities in the 2012 business plan amounting to US \$3 million. Twenty per cent of Japan's annual pledged contribution for 2012 amounts to US \$4,262,532. Table 6 presents a summary of the resource allocation in Japan's 2012-2014 business plan.

Table 6

#### ALLOCATION OF RESOURCES FOR JAPAN (US \$000s)

<b>Required/Not required by model</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Required for compliance (MYAs and standard costs)	80	80	80	240
Required for compliance (HCFCs)	1,000			1,000
Not required for compliance (ODS disposal)	2,000			2,000
<b>Total</b>	<b>3,080</b>	<b>80</b>	<b>80</b>	<b>3,240</b>

20. Japan has included activities valued at US \$3.08 million in 2012 and a total value of US \$3.24 million over the period 2012 to 2014.

### Comments

21. Japan's business plan did not include an approved MYA for the HPMP in China. However, the Secretariat has added this activity to Japan's business plan. The total level of funding for the approved MYA is valued at US \$240,000 for the period 2012 to 2014.

22. Japan's business plan includes US \$2 million for ODS disposal demonstration projects including US \$1 million in activities for LVC countries. No tonnage was provided in Japan's business plan. The climate impact of these activities might be equivalent to the global warming potential (GWP) of the ODS being destroyed. However, information was not provided on the types of ODS to be destroyed; therefore the analysis was not performed.

23. The total level of funding for HCFC projects in the rigid foam sector, including the rigid insulation refrigeration sub-sector, is US \$500,000, and that for projects for extruded polystyrene (XPS) foam in Japan's business plan is also US \$500,000. No tonnage was provided in Japan's business plan. There is no adjustment needed for these sectors.

**Spain**

24. Although no business plan was submitted in 2012, Spain will submit a request for a tranche for the approved MYA in Mexico valued at US \$893,000. Twenty per cent of Spain's pledged contributions for 2012 amounts to US \$1,080,771. Table 7 presents a summary of the resource allocation in Spain's 2012-2014 business plan.

Table 7

**ALLOCATION OF RESOURCES FOR SPAIN (US \$)**

<b>Required by model</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Required for compliance (MYAs and standard costs)	893,000			893,000
<b>Total</b>	<b>893,000</b>			<b>893,000</b>

**IMPACT OF ADJUSTMENTS BASED ON EXISTING EXECUTIVE COMMITTEE DECISIONS ON BUSINESS PLANS AS SUBMITTED**

25. After making the adjustments proposed above, the total value of bilateral agencies' 2012-2014 business plans is US \$18.02 million as shown in Table 8.

Table 8

**RESOURCE ALLOCATION IN BILATERAL AGENCIES' BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2012-2014) (US \$000s)**

<b>Required/Not required by model</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total (2012 to 2014)</b>	<b>Total (2015 to 2020)</b>	<b>Total After 2020</b>
Required for compliance (MYAs and standard costs)	8,773	1,925	1,078	11,776	4,218	496
Required for compliance (HCFCs)	2,475	980	784	4,239	349	
Not required for compliance (ODS disposal)	2,000			2,000		
<b>Grand total</b>	<b>13,248</b>	<b>2,905</b>	<b>1,862</b>	<b>18,015</b>	<b>4,567</b>	<b>496</b>

26. Table 9 shows the impact of the adjustments by agency.

Table 9

**RESOURCE ALLOCATION IN BILATERAL AGENCIES' BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2012-2014) BY AGENCY (US \$000s)**

<b>Agency</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total (2012 to 2014)</b>	<b>Total (2015 to 2020)</b>	<b>Total After 2020</b>
France				0	38	
Germany	9,207	2,825	1,703	13,735	4,307	496
Italy	68		79	147	141	
Japan	3,080	80	80	3,240	80	
Spain	893			893	0	
<b>Grand total</b>	<b>13,248</b>	<b>2,905</b>	<b>1,862</b>	<b>18,015</b>	<b>4,567</b>	<b>496</b>

**RECOMMENDATIONS**

27. The Executive Committee may wish to consider:

- (a) Noting the 2012-2014 business plans of bilateral cooperation submitted by Germany and Japan as addressed in document UNEP/OzL.Pro/ExCom/66/8; and
- (b) Whether the over-programming in Germany's business plan can be maintained in the light of funding already approved for multi-year agreement commitments during the 2012-2014 triennium.

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