



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/69/6
13 March 2013

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-ninth Meeting
Montreal, 15-19 April 2013

CONSOLIDATED 2013-2015 BUSINESS PLAN OF THE MULTILATERAL FUND

Introduction

1. Bilateral and implementing agencies provided initial business plan tables by 21 January 2013 to the Fund Secretariat. The Secretariat compiled the information provided and analyzed the business plans in the light of decisions taken in 2011 and 2012 in particular with respect to decisions related to the 2010-2014 business plans and HCFC guidelines. The Secretariat and the bilateral and implementing agencies began their collaborative efforts on business planning at an Inter-agency Coordination Meeting held from 30 January to 1 February 2013. The Secretariat provided a comprehensive analysis of the initial tables and indicated how the plans would need to be adjusted to comply with the relevant decisions of the Executive Committee. Revised business plan tables and narratives were submitted, as required, on 18 February 2013.

2. At its 68th meeting the Executive Committee decided to request *inter alia*:

“(ii) The bilateral and implementing agencies to address in their 2013-2015 business plans those activities not submitted in 2012 as planned, as contained in Annexes IV and V to [the report of the 68th meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/68/53)];

(iii) The Secretariat:

a. Through its coordination meeting with bilateral and implementing agencies to adjust all new activities in the 2013-2015 business plans for 2013 and 2014 to the budget allocation for the 2012-2014 triennium and for up to an allocation of US \$150 million for all activities in 2015, for planning purposes;

b. To send letters to the Governments of Angola and Chile to urge the submission of the second tranche of their HCFC phase-out management plans (HPMPs) to the 69th meeting; and

(iv) The Secretariat and bilateral and implementing agencies to take into account the planned commitments and standard activities in business planning for new activities in 2015, assuming continued Compliance Assistance Programme, institutional strengthening, core unit and project preparation for HPMPs at current rates, with growth as allowed by existing decisions, for planning purposes” (decision 68/3(b)).

3. The agencies’ plans address the years from 2013 to 2015 but also activities expected until 2020.

4. A spreadsheet that includes data compiled from the business plans is available to Executive Committee members and is provided as Annex I to this document in a Microsoft Excel workbook.

5. The present document consists of the following eight sections:

Section I:	Resource allocation in the business plan
Section II:	Multi-year agreements (MYAs) and standard costs
Section III:	HCFC activities and other activities
Section IV:	Activities not required for compliance
Section V:	Adjustments based on existing Executive Committee decisions on business plans as submitted
Section VI:	Performance indicators

Section VII: Other policy issues
 Section VIII: Recommendations

6. HCFC activities in section III also address the HCFC production sector, project preparation, and servicing, foam, and refrigeration sectors. Proposed adjustments are summarized in section V.

SECTION I: RESOURCE ALLOCATION IN THE BUSINESS PLAN

7. Table 1 presents, by year, the value of activities included in the business plan according to categories “required for compliance” and “not required for compliance”. The values included in the business plan exceed the 2013-2015 budget by US \$153.8 million.

Table 1

RESOURCE ALLOCATION IN BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE (2013-2015) (US \$000s)

Required/Not required by model	2013	2014	2015	Total
Required for compliance				
Approved MYAs (including HPMPs) and Standard Costs	146,654	82,563	97,319	326,537
HPMP Stage I and Preparation	3,109	4,160	1,137	8,406
HPMP Stage II	0	7,801	44,139	51,941
HPMP Preparation - Stage II	3,062	10,195	2,023	15,281
HCFC Production - Stage I	74,684	74,684	74,684	224,053
HCFC Production Preparation - Stage I	67			67
HCFC Production Preparation - Stage II		509		509
MB	75	321		396
Verification of CFC Production	43			43
Not required for compliance				
Disposal	2,311	1,626		3,937
ODS alternative mapping studies	1,117			1,117
HCFC High-Ambient Temperature TAS	678			678
Bridging technology	150	150		300
MB	120	73		193
Grand Total	232,071	182,084	219,303	633,458
Proposed Budget	169,678*	160,000	150,000	479,678
Difference	62,393	22,084	69,303	153,780

* Includes the balance from the 2012 resource allocation.

8. Approved MYAs and standard costs amount to US \$326.5 million including US \$229.3 million for stage I HCFC activities. New HCFC activities required for compliance constitute the largest value for new activities in the business plan, most of which are for the HCFC production sector. The value of resources required for new HCFC activities amounts to US \$300.3 million for 2013 to 2015.

9. There are five types of activities classified as not required for compliance: ODS disposal (US \$3.9 million), MB activities (US \$193,276), bridging technology innovation gaps (US \$300,000), HCFC high-ambient temperature (US \$678,000), and ODS alternative mapping studies (US \$1.1 million).

SECTION II: MYAs AND STANDARD COSTS ACTIVITIES

10. Table 2 presents the amounts included in the business plan for activities required for compliance in MYAs, institutional strengthening (IS), and the Compliance Assistance Programme (CAP). It also

covers the costs related to the Secretariat, the Executive Committee, monitoring and evaluation, and the Treasurer.

Table 2

**REQUIRED FOR COMPLIANCE FOR MYAs AND STANDARD COSTS (2013 to 2015)
INCLUDING NEW MB ACTIVITIES (US \$000s)**

Required by Model	2013	2014	2015	Total
Approved MYAs	116,472	51,110	65,970	233,551
CAP	10,187	10,493	10,808	31,488
Core Unit	5,762	5,802	5,842	17,407
IS	7,613	8,406	7,810	23,830
Secretariat, ExCom, and M&E cost minus Canadian counterpart	6,120	6,252	6,389	18,761
Treasurer	500	500	500	1,500
Total (required for compliance for MYAs and standard costs)	146,654	82,563	97,319	326,537

11. The value associated with MYAs for the period 2013 to 2015 consists of US \$229.3 million for HCFC activities, US \$2.02 million for MB activities, US \$341,032 for a CFC production activity and US \$1.9 million for MB production activities. Bilateral and implementing agencies proposed amounts for MYAs below those remaining for them in the records of the Fund Secretariat by US \$593,340 for the period of 2013 to after 2020 (including US \$100 for the period of 2013 to 2015). The Secretariat's proposed adjustments would modify the MYA amounts in the agencies' business plans to reflect the records of the Fund Secretariat.

12. The funding levels for IS have been agreed until 2015 as per decision 61/43(b). At its 63rd meeting the Executive Committee decided to maintain current levels of funding for IS for business planning purposes until such time as a decision is taken on the actual levels (decision 63/5(b)). However, the information has been included in the 2013-2015 business plans up to 2020.

13. Although funding levels for IS and the timing of the submission of those requests are known, implementing agencies have included values for IS in their business plans that vary from those allowed under the current funding structure by US \$1.6 million for the period of 2013 to 2020 (including US \$562,754 for the period of 2013 to 2015), as well as requests in years for which they were not due. The Secretariat's proposed adjustments would modify the business plans of the implementing agencies according to when IS renewals are due based on the last approvals of the IS requests and the current funding structure.

14. 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. Implementing agencies have included values for core unit costs in their business plans that vary from the rate agreed to date by US \$8.7 million for the period of 2013 to 2020 (including US \$479 for the period of 2013 to 2015). The Secretariat's proposed adjustments would modify the business plans of the implementing agencies according to the agreed levels.

SECTION III: HCFC ACTIVITIES AND OTHER ACTIVITIES

HCFC production sector

15. Stage I HCFC production sector activities amounting to US \$224.1 million are included in the business plans at US \$74.7 million per year for each year from 2013 to 2015. US \$67,225 is included in 2013 for project preparation (stage I) activities in India. At its 60th meeting, the Executive Committee

established an allocation of US \$147 million for the production sector for the period 2010 to 2014 as per decision 60/5(j).

16. If the funding for HCFC consumption is adjusted as indicated for the period 2013 to 2015, the total amount available for stage I HCFC production and other activities that were not included in the business plans would be US \$107.5 million.

17. At the 66th meeting, the Executive Committee decided to remove phase-out activities involving swing plants, pending an Executive Committee decision on funding eligibility for swing plants, on the understanding that requests for such activities could be reintroduced into the business plans of the implementing agencies after the Executive Committee had agreed on the HCFC production sector guidelines as per decision 66/5(a)(v). The Secretariat's proposed adjustments would modify the business plans of the implementing agencies to remove activities on swing plants in India.

18. US \$509,000 is included in 2014 for project preparation (stage II) activities in China. The amount approved for project preparation for stage I in China was US \$508,798.

Stage II production sector

19. World Bank has included a total of US \$513.5 million in its business plan. It included US \$102.7 million per year for the years 2016 to 2020; this amounts to two-third of the indicative budget for 2015 on an annually basis. Although estimates can be made for stage II HCFC consumption, this is not the case for the HCFC production sector at this time. If there is stable funding at the level indicated for 2015 for the period 2016-2020, the funding for HCFC consumption is adjusted as indicated, and stage I HCFC production is addressed from 2013-2015, the total amount available for stage II HCFC production and other activities that were not included in the business plans would be \$115.1 million.

Stage I of HPMPs and preparation

20. There are seven countries (including 5 non-low-volume consuming (LVC) countries) for which stage I HPMPs have not yet been approved. The business plans include US \$5.3 million for these activities of which US \$473,012 is programmed after 2015. Botswana is the only LVC country that does not have a request in the business plan. This omission is addressed in the business plan of bilateral agencies (UNEP/OzL.Pro/ExCom/69/7).

21. Regarding LVC countries, the Secretariat's proposed adjustments would limit the funding levels to the maximum allowable level provided 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 in the business plans by US \$124,400 for the period of 2013 to 2020 (including US \$47,946 for 2013 to 2015).

22. For non-LVC countries, the funding level for one activity exceeds the cost-effectiveness threshold for refrigeration servicing sector. Decision 60/44(f)(xv) establishes a threshold of US \$4.50/metric kilogram (kg). The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable 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 \$9,700, all for the period of 2013 to 2015.

23. In addition, six countries included additional projects outside the stage I HPMPs amounting to US \$2.9 million. These requests fall under different decisions that allow countries to submit additional projects during the implementation of stage I. The Secretariat's proposed adjustments to one activity would limit the funding levels to the maximum allowable for the refrigeration air-conditioning sector of US \$4.50/kg in non-LVC countries and reduce the total level of funding for these projects by US \$356,835, all for the period of 2013 to 2015.

24. The 2013 business plan includes a request for South Sudan for which HCFC consumption data has not been reported to the Ozone Secretariat. The HPMP stage I value amounting to US \$200,838 has been included in the business plan for the period of 2013 to 2015. Also, project preparation of US \$96,050 has been included in the business plan in 2013.

Stage II HPMP/HCFC project preparation

25. At its 63rd meeting, the Executive Committee decided that project preparation could be funded for stage II activities and might be included prior to the completion of stage I in business plans for the years 2012-2014 (decision 63/5(f)(i)). The total level of funding for project preparation for stage II HPMPs is US \$15.3 million for the period of 2013 to 2015.

26. Implementing agencies have proposed amounts in their business plans that exceed by US \$3.5 million the maximum level allowed for project preparation for HPMPs and HCFC investment projects pursuant to decisions 55/13 and 56/16 for the period of 2013 to 2020 (including US \$597,574 for the period of 2013 to 2015). The Secretariat's proposed adjustments would reduce the level of funding in the agencies' business plans. The guidelines for stage I HPMP project preparation that were applied to stage II preparation requests were based on 2007 HCFC consumption and those guidelines have not been updated to replace 2007 HCFC consumption data with the established HCFC baselines.

Stage II HPMPs in LVC countries

27. The total level of funding for projects for the HCFC servicing sector in LVC countries to reach a 35 per cent reduction of the baseline is US \$302,792. The amount of phase-out identified in the business plans (1.3 ODP tonnes for the period 2013 to 2015) does not reflect the level of tonnage reduced from the baselines.

28. The Secretariat's proposed adjustments would limit the funding levels to the maximum allowable provided for LVC countries in line with decision 60/44(f)(xii) for the HCFC servicing sector, according to 35 per cent reduction from the baseline. This would increase the total level of funding for these projects by US \$77,278 for the period of 2013 to 2020. However, this would reduce the total level of funding for these projects by US \$2,478 for the period of 2013 to 2015.

29. UNIDO was the only agency that has provided activities for 100 per cent reduction of the baseline; the Secretariat proposes to remove these activities since they are not in compliance with decision 62/10. This would decrease the total level of funding for these projects by US \$11.8 million for the period of 2016 to after 2020.

30. LVC countries that do not have funding in the business plan for 35 per cent reduction of the baseline including: Antigua and Barbuda, Cape Verde, Dominica, Eritrea, Lao People's Democratic Republic, Malawi, Micronesia (Federated States of), Niue, Palau, Saint Lucia, Samoa, Sao Tome and Principe, Tonga, Zambia and Zimbabwe. Including funding for these countries would increase the business plan value from 2016-2020 by about US \$570,300.

31. The total amount of funding estimated to enable all LVC countries to receive 100 per cent funding is US \$38.6 million under current guidelines or higher since some manufacturing may also need to be addressed.

Stage II HCFC servicing sector in non-LVC countries

32. The total level of funding for projects for the refrigeration servicing sector in non-LVC countries is US \$17.3 million representing a reduction of 147.8 ODP tonnes for the period 2013 to 2015. Decision 60/44(f)(xv) establishes a threshold of US \$4.50/kg. The Secretariat's proposed adjustments

would limit the funding levels to the maximum allowable level of 35 per cent of the baseline for the refrigeration servicing sector in non-LVC countries as per this decision and reduce the total funding for these projects by US \$169.1 million for the period of 2013 to after 2020 (including US \$11.6 million for the period of 2013 to 2015).

Foam general

33. The total level of funding for projects for the foam sector is US \$6.7 million representing a reduction of 107.6 ODP tonnes for the period 2013 to 2015. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$6.92/kg for the foam sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$38.5 million for the period of 2013 to 2020 (including US \$6 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

Extruded polystyrene (XPS) foam

34. The business plan does not include funding for XPS foam for the period of 2013 to 2015. However, the total level of funding for projects for XPS foam after 2015 is US \$128.4 million representing a reduction of 632 ODP tonnes. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$6.92/kg for the foam sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$97.9 million for the period of 2016 to 2020 to reach a 35 per cent reduction of the baseline.

Rigid foam

35. The total level of funding for projects for the rigid foam sector, including the rigid insulation refrigeration sub-sector, is US \$10.9 million representing a reduction 156.8 ODP tonnes for the period 2013 to 2015. Decision 62/13 establishes a threshold of US \$7.83/kg with a maximum of up to 25 per cent above this threshold for low-global-warming potential (GWP) alternatives. However, at the 66th meeting, the Executive Committee decided to adjust the business plans of the bilateral and implementing agencies by applying the cost-effectiveness threshold of US \$6.92/kg to all foam projects, including those in the rigid polyurethane foam sector (decision 66/5(a)(ii)). The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$162.7 million for the period of 2013 to 2020 (including US \$8.5 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

Refrigeration general (including manufacturing, assembly, commercial, transportation and ICR)

36. The total level of funding for projects for the refrigeration sector is US \$15 million representing a reduction of 129 ODP tonnes for the period 2013 to 2015. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$10.65/kg for the refrigeration sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$65.2 million for the period of 2013 to 2020 (including US \$8.5 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

Refrigeration air-conditioning

37. The total level of funding for projects for the refrigeration air-conditioning sector is US \$1.8 million for the period of 2013 to 2015. Phase-out has not been recorded for this period. The

Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold of US \$4.5/kg and reduces the total level of funding for these projects by US \$151.9 million for the period of 2013 to after 2020 (including US \$1.8 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

Solvent

38. The business plan does not include funding for solvent for the period of 2013 to 2015. However, the total level of funding for projects for HCFCs in the solvent sector is US \$9.8 million representing a reduction of 126.9 ODP tonnes for the period after 2015. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold of US \$4.5/kg and reduce the total level of funding for these projects by US \$3.5 million for the period of 2016 to 2020 to reach a 35 per cent reduction of the baseline.

Non-LVC countries that have not received funding for 35 per cent

39. Non-LVC countries that do not have funding in the business plan to address a 35 per cent reduction of the baseline include: Afghanistan, Kenya, the Democratic People's Republic of Korea, Libya, Mauritania and Madagascar. Including funding for these countries would increase the business plan value for 2016-2020 by about US \$3.7 million.

Other activities

Methyl Bromide

40. The business plan includes US \$395,900 (including projects preparation of US \$53,500) for methyl bromide projects in two countries (Argentina and Sudan (the)) for the period of 2013 and 2014.

Verification of CFC Production

41. The business plan includes US \$42,800 in 2013 for verification of CFC production for essential use for export from China pursuant to decision 68/47(b).

SECTION IV: ACTIVITIES NOT REQUIRED FOR COMPLIANCE

ODS disposal

42. Table 3 presents ODS disposal demonstration and technical assistance projects that have been included in the business plans and whether project preparation had been approved to-date.

Table 3

ODS DISPOSAL DEMONSTRATION/TECHNICAL ASSISTANCE PROJECTS IN THE BUSINESS PLANS

Country	Status	Agency	Type	Title	Preparation Project Approved	Value (\$000) in 2013	ODP in 2013	Value (\$000) 2014	ODP 2014
Algeria	Non-LVC	UNIDO	DEM	ODS destruction demonstration project	Yes	535	50.0		
Brazil	Non-LVC	UNDP	DEM	Demo on ODS Banks Mgt and Destruction	Yes	0	0.0	672	75.0
India	Non-LVC	UNDP	DEM	Demo: ODS Bank Management/Destruction	Yes	0	0.0	954	100.0
Lebanon	Non-LVC	UNIDO	DEM	ODS destruction demonstration project	Yes	164	14.0	0	
Georgia	LVC	UNDP	DEM	Demo on ODS Banks Mgt and Destruction	Yes	116	3.0	0	0.0

Country	Status	Agency	Type	Title	Preparation Project Approved	Value (\$000) in 2013	ODP in 2013	Value (\$000) 2014	ODP 2014
Region: ASP	LVC	Japan	DEM	ODS disposal in Asia and the Pacific region.		1,000			
Region: ECA	LVC	UNEP	TAS	Regional Disposal Project - LVCs in Europe and Central Asia	Yes	175	10.0		
Region: ECA	LVC	UNIDO	DEM	ODS destruction demonstration project		321	43.2	0	

43. The business plan includes US \$3.9 million for ODS disposal demonstration and technical assistance projects that would result in the destruction of 295.2 ODP tonnes.

44. Although ODS disposal is not required for compliance, the Executive Committee has set a window for such activities for LVC countries, pursuant to decision XXI/2 of the Twenty-first Meeting of the Parties, amounting to US \$3 million (decision 63/5(c)). The business plan values for ODS disposal activities for LVC countries for the period 2013-2014 amount to US \$1.6 million which is below the window of US \$3 million set by the Executive Committee.

45. The balance of US \$2.3 million has been requested in the business plans for non-LVC countries in the period 2013-2014 that have already received project preparation. Two of these activities, one in Brazil and one in India, are not expected to be submitted until 2014.

Methyl bromide

46. The business plan includes US \$193,276 for methyl bromide activities that are not required for compliance including regional technical workshops for sustainable adoption of methyl bromide alternative technologies in the Africa region (US \$120,000) and a methyl bromide technical assistance project in Ethiopia (US \$73,276). Project preparation was approved for Ethiopia at the 54th meeting. Ethiopia has had no methyl bromide consumption since 2008.

Mapping of ODS alternative

47. The business plan includes US \$1.1 million for technical assistance projects on mapping of ODS alternatives at the national level in nine countries namely: Cuba, Dominican Republic (the), Egypt, India, Iran (Islamic Republic of), Kuwait, Lebanon, Malaysia and Nigeria. This activity will assess performance, cost and availability of alternatives to facilitate the selection of appropriate safe and efficient technologies for various applications, including for stage II HPMPs.

Bridging technology innovation gaps

48. The business plan also includes a technical assistance project for bridging technology innovation gaps to generate sustainable introduction and implementation of low GWP energy efficient alternatives in the refrigeration sector in LVCs amounting to US \$300,000 for the period of 2013 and 2014.

HCFC high ambient temperature

49. The 2013 business plan also includes US \$678,000 for two technical assistance projects for high-ambient temperature countries in the West Asia region. At the 66th meeting, the Executive Committee decided to maintain this project in the business plan for 2012, with adjusted funding of US \$250,000 for the entire project (decision 66/5(b)). The Secretariat's proposed adjustments would reduce the level of funding for these projects to US \$250,000 by reducing US \$428,000.

SECTION V: ADJUSTMENTS BASED ON EXISTING EXECUTIVE COMMITTEE DECISIONS ON BUSINESS PLANS AS SUBMITTED

50. The value of the business plan (US \$232.1 million) is above the budget for 2013 by US \$62.4 million. However, the business plan value for 2013-2015 exceeds the budget by a total of about US \$153.8 million. After making the adjustments proposed above, the total value of the 2013-2015 business plan is US \$595.8 million, which exceeds the expected budget of US \$479.7 million for the same period by US \$116.1 million as shown in Table 4.

Table 4

RESOURCE ALLOCATION IN BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2013-2015) (US \$000s)

Required/Not required by model	2013	2014	2015	Total (2013-2015)	Total (2016-2020)	Total After 2020
Required for compliance						
Approved MYAs (including HPMPs) and Standard Costs	147,247	82,020	97,834	327,100	202,737	1,110
HPMP Stage I and Preparation	3,153	3,800	1,135	8,088	929	
HPMP Stage II		662	14,862	15,524	423,541	4,696
HPMP Preparation - Stage II	2,928	9,843	1,912	14,683	7,711	
HCFC Production - Stage I	74,550	74,550	74,550	223,650	74,550	
HCFC Production - Stage II					513,450	
HCFC Production Preparation - Stage II		509		509		
MB	75	321		396		
Verification of CFC Production	43			43		
Not required for compliance						
Disposal	2,311	1,626		3,937		
ODS alternative mapping studies	1,117			1,117		
HCFC High Ambient Temperature TAS	250			250		
Bridging technology	150	150		300		
MB	120	73		193		
Grand Total	231,944	173,555	190,292	595,790	1,222,919	5,806
Proposed Budget	169,678	160,000	150,000	479,678		
Difference	62,265	13,555	40,292	116,112		

51. Table 5 shows the impact of the adjustments by agency.

Table 5

RESOURCE ALLOCATION IN BUSINESS PLANS SUBMITTED TO THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING EXECUTIVE COMMITTEE DECISIONS (2013-2015) BY AGENCY (US \$000s)

Agency	2013	2014	2015	Total (2013 to 2015)	Total (2016 to 2020)	Total After 2020
France		224	232	456	302	
Germany	2,653	464	1,747	4,864	2,567	496
IBRD	109,670	84,698	93,198	287,565	783,495	453

Agency	2013	2014	2015	Total (2013 to 2015)	Total (2016 to 2020)	Total After 2020
Italy		79		79	141	
Japan	1,090	90	90	1,271	0	
UNDP	45,949	28,637	27,006	101,592	174,087	27
UNEP	22,136	17,745	20,197	60,078	94,544	593
UNIDO	43,825	34,865	40,932	119,623	131,144	4,237
Grand Total	225,324	166,802	183,403	575,529	1,186,279	5,806

52. Table 6 shows the extent to which planned HPMP activities would result in commitments during and after the 2013-2015 business planning period. New planned HCFC consumption and production activities amount to US \$38.3 million and US \$224.2 million, respectively during the triennium.

Table 6

**HCFC ACTIVITIES AS PER PROPOSED SECRETARIAT ADJUSTMENTS
(US \$000s)**

	2013	2014	2015	2013-2015	2016	2017	2018	2019	2020	After 2020	Total
Approved HCFC Consumption Subtotal	114,477	48,817	65,970	229,264	16,246	6,537	9,122	810	4,209	1,110	267,298
New Activities - HCFC Consumption											
Stage I	3,057	3,800	1,135	7,992	463	41	260	0	165	0	8,921
Project Preparation - Stage I	96			96							96
Stage II	0	662	14,862	15,524	97,843	97,186	90,219	76,805	61,488	4,696	443,761
Project Preparation - Stage II	2,928	9,843	1,912	14,683	421	1,015	6,238	0	37	0	22,394
New Activities - HCFC Production											
Stage I	74,550	74,550	74,550	223,650	74,550						298,200
Stage II				0	102,690	102,690	102,690	102,690	102,690		513,450
Project Preparation - Stage II		509		509							509
New Activities Subtotal	80,631	89,364	92,458	262,454	275,968	200,932	199,407	179,495	164,380	4,696	1,287,332
GRAND TOTAL	195,108	138,181	158,428	491,717	292,214	207,469	208,529	180,306	168,589	5,806	1,554,630

SECTION VI: PERFORMANCE INDICATORS

53. 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 intended efforts to assist countries to comply with the Montreal Protocol's control measures. UNEP included in its 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.

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

SECTION VII: OTHER POLICY ISSUES**Requests for activities not required for compliance**

55. Table 4 shows that after the proposed adjustments by the Secretariat, there remain US \$3.9 million in ODS disposal activities that are not required for compliance, US \$193,276 for methyl bromide activities, US \$1.1 million for ODS alternative mapping studies, US \$250,000 for HCFC high ambient temperature technical assistance projects and US \$300,000 for bridging technology innovation gaps technical assistance projects. It should be noted that US \$1.6 million of the allocation for ODS disposal is planned for submission after 2013 as well as US \$73,276 for the methyl bromide project and US \$150,000 for the technical assistance project for bridging technology innovation gaps. The Executive Committee may wish to consider whether activities not required for compliance should be removed, maintained, or maintained but re-phased to after 2013 pending resolution of outstanding requirements for compliance, in the business plans in the light of the budgetary limitations for activities required for compliance.

Requests for non-LVC countries that address more than a 35 per cent HCFC baseline reduction for stage II

56. Stage II is expected to address a reduction in the baseline of at least 35 per cent by 2020. Table 7 presents information on new stage II HCFC activities in the business plans that address more than a 35 per cent reduction of the baseline for the country.

Table 7

HCFC ACTIVITIES IN THE BUSINESS PLAN FOR COUNTRIES THAT ADDRESS MORE THAN A 35 PER CENT REDUCTION FROM BASELINE FOR STAGE II

Country	Baseline	35% of Baseline	Total Tonnage Approved/Requested for Stage I	Total Tonnage in Business Plan for Stage II	Tonnage Over 35% of Baseline
Algeria	62.1	21.7	14.5	52.9	45.6
Argentina	400.7	140.2	83.5	314.1	257.4
Bahrain	51.9	18.2	23.2	28.7	33.7
Bangladesh	72.6	25.4	24.5	16.4	15.5
Benin	23.8	8.3	8.3	7.5	7.4
Brazil	1,327.3	464.6	220.3	250.0	5.7
Burkina Faso	28.9	10.1	9.7	9.5	9.1
Cameroon	88.8	31.1	25.4	28.1	22.4
Chile	87.5	30.6	22.0	24.7	16.0
China	19,269.0	6,744.2	3,385.8	5,852.1	2,493.7
Colombia	225.6	79.0	78.9	53.2	53.2
Côte d'Ivoire	63.8	22.3	22.3	30.0	30.0
Dominican Republic (the)	51.2	17.9	11.4	14.0	7.5
Ecuador	23.5	8.2	6.1	11.0	8.9
Egypt	386.3	135.2	125.5	288.6	278.9
Gabon	30.2	10.6	10.4	10.0	9.8
Guinea	22.6	7.9	7.9	7.3	7.3
India	1,608.2	562.9	341.8	354.3	133.2
Indonesia	403.9	141.4	135.0	172.3	165.9
Iran (Islamic Republic of)	380.5	133.2	101.3	185.1	153.2
Iraq	108.4	37.9	15.0	33.9	10.9
Jordan	83.0	29.1	25.5	73.4	69.8
Kuwait	418.6	146.5	239.2	122.7	215.3

Country	Baseline	35% of Baseline	Total Tonnage Approved/Requested for Stage I	Total Tonnage in Business Plan for Stage II	Tonnage Over 35% of Baseline
Lebanon	73.5	25.7	20.0	18.6	12.9
Malaysia	515.8	180.5	103.0	131.5	54.0
Mexico	1,148.8	402.1	417.3	158.1	173.3
Morocco	59.7	20.9	16.8	51.2	47.1
Nigeria	398.2	139.4	90.1	100.0	50.7
Oman	31.5	11.0	5.7	11.0	5.7
Pakistan	247.4	86.6	79.1	146.0	138.5
Panama	24.8	8.7	4.8	8.7	4.8
Peru	26.9	9.4	3.7	25.9	20.2
Philippines (the)	208.4	72.9	45.0	30.0	2.1
Qatar	86.9	30.4	57.9	15.0	42.4
Saudi Arabia	1,468.7	514.0	703.3	560.0	749.2
Senegal	36.2	12.7	12.7	5.0	5.0
South Africa	369.7	129.4	176.7	190.0	237.3
Sudan (the)	52.7	18.4	16.2	34.0	31.7
Syrian Arab Republic	135.0	47.3	49.0	84.0	85.8
Thailand	927.6	324.7	219.5	369.0	263.9
Togo	20.0	7.0	7.0	7.8	7.8
Uruguay	23.4	8.2	4.2	10.7	6.7
Venezuela (Bolivarian Republic of)	207.0	72.5	23.2	85.0	35.7
Viet Nam	221.2	77.4	140.1	55.3	118.0

57. There are five non-LVC countries that have HCFC activities in the business plan for which funding for stage I has not been approved to-date including: Democratic People's Republic of Korea (the), Libya, Mauritania, Syrian Arab Republic and Tunisia. Syrian Arab Republic and Tunisia are the only countries that have tonnages in the business plan that exceed 35 per cent reduction of the baseline. Tunisia does not have activity planned in the business plan for stage II HPMP. The Executive Committee may wish to consider if the new HCFC activities that exceed a 35 per cent reduction of the baseline should be removed, maintained, or maintained but re-phased to after 2013 pending resolution of outstanding requirements for compliance in the business plans, in light of the fact that the business plans have activities that exceed the budget for the triennium.

Over-budgeting and distribution of annual tranches of HPMPs

58. The activities in the business plans exceed the overall budget by US \$153.8 million as shown in Table 1 and by US \$116.1 million after adjustments as shown in Table 4. Moreover, both tables indicate that the over-budgeting is not distributed equally among the three years of the triennium but instead the year 2013 exceeds the budget by about as much as the last two years together after adjustments. Adjustments have been applied to all new HCFC activities except in the production sector. The total for the stage I HCFC production sector activities for the period of 2013 to 2015 of US \$223.7 million exceeds the amounts remaining in the budget. An adjustment of the production sector value to US \$107.5 million would balance the budget for the triennium.

59. The 2013-2015 business plans as adjusted include US \$14.9 million for stage II HPMPs in 2015, US \$15.5 million from 2013-2015. The implementing agencies included US \$443.8 million in total for stage II HPMP activities in their business plans to 2020.

60. Stage II HPMPs are estimated with equal tranches annually until 2020 with the year 2020 containing at least 10 per cent of the total value. Given that several stage I HPMPs have provision that allow the submission of stage II in 2015 or before, and the stage I HPMP approval has indications of what is to be addressed in stage II, the Secretariat's review indicates that the cost of stage II in 2015 could

reach US \$85.3 million with a total of US \$86 million in total for 2013-2015 and US \$522.4 million in total until after 2020. This would include several countries with phase-out exceeding 35 per cent baseline reduction levels. This is not anticipated by the agencies based on their submissions.

61. The Executive Committee may wish to consider adjusting the stage II HCFC consumption activities based on achieving a 35 per cent baseline reduction to meet control measure requirements until 2020, maintaining them to reflect what is likely to be submitted by the implementing agencies, or adjusting them according to the Secretariat's review of stage I HPMP approvals to reflect what is likely to be recommended for approval, if submitted.

Policy issues in Agency business plans

62. UNEP, UNIDO and the World Bank raised, respectively, several policy issues including new policy issues addressing funding for the State of Palestine which was accorded non-member observer State status in the United Nations by General Assembly resolution 67/19 adopted on 29 November 2012, demonstration projects to reduce QPS consumption of MB, and the possibility of reassessing implementing agency performance indicators. The Secretariat's comments on the issues raised in the implementing agencies' business plans are covered in the individual business plans.

SECTION VIII: RECOMMENDATIONS

63. The Executive Committee may wish to endorse the Consolidated 2013-2015 business plan of the Multilateral Fund, as adjusted by the Secretariat [and the Executive Committee], as contained in document UNEP/OzL.Pro/ExCom/69/6, while noting that endorsement denotes neither approval of the projects identified therein nor their funding or tonnage levels, and based on its consideration of whether:

- (a) To adjust the business plans as proposed by the Secretariat;
- (b) The activities not required for compliance should be removed or maintained;
- (c) The new HCFC activities should be maintained as submitted, adjusted to a maximum of 35 per cent or adjusted based on the Secretariat's review of stage I of HCFC phase-out management plans (HPMPs) and what is left to be addressed for stage II; and
- (d) To further adjust the value in the business plans for the production sector to maintain overall activities within the budget for the triennium.

Annex II

HISTORICAL PERFORMANCE INDICATORS

This annex presents the following tables:

- a) Proposed 2013, 2012, 2011, 2010, 2009 and 2008 Business Plan Performance Indicators. 2008, 2007 and 2006 data will be available upon request;
- 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 2013, 2012, 2011, 2010, 2009 and 2008 Performance Indicators for UNEP's Compliance Assistance Programme (CAP). 2007 and 2006 data will be available upon request.

A: PROPOSED 2013, 2012, 2011, 2010 AND 2009 BUSINESS PLAN PERFORMANCE INDICATORS BY AGENCY

Item	UNDP 2009	UNDP 2010	UNDP 2011	UNDP 2012	UNDP 2013	UNEP 2009	UNEP 2010	UNEP 2011	UNEP 2012	UNEP 2013	UNIDO 2009	UNIDO 2010	UNIDO 2011	UNIDO 2012	UNIDO 2013	World Bank 2009	World Bank 2010	World Bank 2011	World Bank 2012	World Bank 2013
Number of annual programmes of multi-year agreements approved vs. those planned	40	79	38	16	27	56	105	81	21	40	28	25	44	34	29	14/14	8	8/8 ¹	4/4	7
Number of individual projects/activities (investment projects, RMPs, halon banks, TAS, institutional strengthening) approved vs. those planned	12	21	21	15	21	88	88	79	62	45	20	36	12	9	11	7	3	3/3	5/5	1
Milestone activities completed (e.g. policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches vs. those planned	36	10	2	12	25	51	26	3	3	3	26	13	6	14	26	14	5/5	2/2 ²	3/3	5
ODS phased-out for individual projects vs. those planned per progress reports (ODP tonnes)	633	250.5	1.7	892.7	58	0	0	13.3	2.1	63.4	155.2	311.8	594	0	72.4	229	240.3	697 ³	13.6	248.9
Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	98	87	28	32	18	86	33	26	33	37	13	14	19	3	7	6 ⁴	5 ⁵	5 ⁶	8/8	4
Number of	1/1	100%	N/A	tbd	1 out of	100% ⁷	109	100% ⁸	100% ⁹	100% ¹⁰	N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%

¹ Following the recommendation of the Secretariat, sub-sectors under one HPMP are not counted separately, even if they are under different agencies.

² Another 8 MYAs are under implementation and being supervised by the Bank for sustainable phase-out, for which funding is not requested.

³ This figure is based on the 2009 progress report, following the Secretariat's recommendation.

⁴ Includes two investment projects, three institutional strengthening projects, and one technical assistance project.

⁵ Includes one investment project, two institutional strengthening projects, and two technical assistance projects.

⁶ This figure is based on the 2009 progress report, following the Secretariat's recommendation.

Item	UNDP 2009	UNDP 2010	UNDP 2011	UNDP 2012	UNDP 2013	UNEP 2009	UNEP 2010	UNEP 2011	UNEP 2012	UNEP 2013	UNIDO 2009	UNIDO 2010	UNIDO 2011	UNIDO 2012	UNIDO 2013	World Bank 2009	World Bank 2010	World Bank 2011	World Bank 2012	World Bank 2013
policy/regulatory assistance completed vs. that planned	(100%)				2 (50%)		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	30 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%	On time
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%	On time

⁷ 100% of countries listed in Annex I of UNEP's business plan narrative either received assistance or assistance was offered

⁸ 100% of countries listed in the annex of UNEP's business plan narrative either received assistance or assistance was offered

⁹ 100% of countries listed in the annex of UNEP's Business Plan narrative either received assistance or assistance was offered

¹⁰ 100% of countries listed in the annex of UNEP's 2013 CAP Budget 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 PROJECT 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 PROJECT 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 2013, 2012, 2011, 2010, 2009 AND 2008 PERFORMANCE INDICATORS FOR UNEP'S COMPLIANCE ASSISTANCE PROGRAMME (CAP)

Performance Indicator	UNEP 2008 target	UNEP 2009 target	UNEP 2010 target	UNEP 2011 target	UNEP 2012 target	UNEP 2013 target
Efficient follow-up to regional network/thematic meetings	100 % implementation rate	90 % implementation rate	90 % implementation rate	90 % implementation rate	90 % implementation rate	90 % implementation rate
Effective support to NOUs in their work, particularly guidance to new National Ozone Units (NOUs)	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	<ul style="list-style-type: none"> ▪ 7 such ways/means/products/services; ▪ All new NOUs receive capacity building support. ▪ 10 additional countries submit CP reports using the Multilateral Fund Secretariat's online data reporting system 	<ul style="list-style-type: none"> ▪ 7 such ways/means/products/services; ▪ All new NOUs receive capacity building support. ▪ 10 additional countries submit CP reports using the Multilateral Fund Secretariat's online data reporting system 	<ul style="list-style-type: none"> ▪ 7 such ways, means, products, services; ▪ All new NOUs receive capacity building support. ▪ 10 additional countries submit CP reports using the Multilateral Fund Secretariat's online data reporting system.
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	All such countries
Innovations in production and delivery of global and regional information products and services	7 such products and services	7 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	5 in each region
