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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-fifth Meeting
Montreal, 16-20 November 2015

UNDP BUSINESS PLAN FOR 2016-2018

1. This document presents the UNDP business plan for 2016-2018¹ and includes: the planned activities for the phase-out of ozone-depleting substances (ODS) during the 2016-2018 period; the business plan performance indicators; and recommendations for consideration by the Executive Committee. The narrative of UNDP's business plan for 2016-2018 is attached to the present document.

SECRETARIAT'S COMMENTS

2. Table 1 sets out, by year, the value of activities included in UNDP's business plan.

Table 1: Resource allocation in the UNDP business plan for 2016-2018 as submitted (US \$000s)*

Item	2016	2017	2018	Total (2016-2018)	Total (2019-2020)	Total after 2020
Required for compliance						
Approved multi-year agreements (MYAs)	1,953	568	1,678	4,199	781	21
HCFC phase-out management plan (HPMP) stage I	42	29	8	79	79	16
HPMP stage I - additional funding	430	128	0	558	0	0
HPMP project preparation (PRP) – stage II	0	86	210	295	245	0
HPMP stage II	35,666	24,412	51,509	111,588	54,595	3,136
Demonstration – low-global warming potential (GWP) alternatives	2,039	0	0	2,039	0	0

¹ A draft business plan of UNDP was discussed at the Inter-agency coordination meeting (IACM) held in Montreal from 31 August to 2 September 2015. The business plan contained in this document has addressed the issue raised at the meeting.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Item	2016	2017	2018	Total (2016-2018)	Total (2019-2020)	Total after 2020
Standard activities						
Institutional strengthening (IS)	3,620	2,753	3,620	9,993	6,373	0
Core unit	2,055	2,069	2,084	6,208	4,212	0
Grand total	45,805	30,046	59,108	134,959	66,284	3,173

* Including agency support cost where applicable.

Secretariat's observations on activities required for compliance

Stage I of HPMPs

3. In UNDP's business plan, there are two countries (Mauritania and South Sudan) for which stage I of HPMPs have not yet been approved. The value included for these countries amounts to US \$173,412, of which US \$78,805 is for the period 2016 to 2018.

4. UNDP's business plan includes additional projects outside their stage I of HPMPs for two countries (Cuba and Panama) amounting to US \$558,289 for the period of 2016 to 2018. These requests fall under different decisions of the Executive Committee that allow these countries to submit additional projects during the implementation of stage I.

Stage II of HPMPs in low-volume-consuming (LVC) countries

5. The total level of funding for stage II of HPMPs in LVC countries to reach a 35 per cent reduction in HCFC baseline consumption amounts to US \$680,760, including US \$434,930 for the period of 2016 to 2018. There was no funding for stage II of HPMPs in LVC countries to reach a 67.5 or 100 per cent reduction.

Stage II of HPMPs in non-LVC countries

6. The total level of funding for stage II of HPMPs for non-LVC countries is US \$168.64 million (including US \$111.15 million for the period of 2016 to 2018). The sectors' breakdown is provided in Table 2.

Table 2: Funding distribution of stage II of HPMPs in non-LVC countries by sector (US \$000)

Sector	2016-2018	2019-2020	After 2020	Total	Per cent of total
Foam general	14,519	7,444	784	22,747	13.5
Foam rigid	20,097	5,996	0	26,093	15.5
Extruded polystyrene (XPS) foam	547	668	0	1,215	0.7
Production of hydrocarbon-based refrigerants	497	607	0	1,104	0.7
Refrigeration servicing	14,156	7,029	784	21,969	13.0
Refrigeration air-conditioning	9,104	5,336	1,568	16,008	9.5
Refrigeration manufacturing (commercial and industrial)	40,853	21,140	0	61,993	36.8
Solvent	11,381	6,128	0	17,509	10.4
Grand total	111,153	54,349	3,136	168,638	100.0

7. UNDP included US \$1.1 million for a production of hydrocarbon-based refrigerants project in Egypt with a phase-out of 11 ODP tonnes. The Executive Committee has previously approved a similar activity in Nigeria as part of the third tranche of stage I of the HPMP.

Demonstration project for low-GWP alternatives²

8. A total of US \$2.04 million is included for four demonstration projects for low-GWP alternatives in 2016. UNDP provided ODP values for three of the four projects amounting to 37.3 ODP tonnes as shown in Table 3.

Table 3: Demonstration projects for low-GWP alternatives

Country	Sector and subsector	Value (\$000) 2016	ODP 2016
Costa Rica	Demonstration project for the transition of HCFC-22-based refrigerant unit to NH ₃ system in cold chambers	500	0.0
India	Demonstration project for development and evaluation of spray foam polyol systems for buildings using HFOs as blowing agent	1,000	33.0
Kuwait	Demonstration project for low-global warming potential alternatives in high ambient temperature conditions in air-conditioning applications	218	3.7
Maldives	Demonstration project for low-global warming potential alternatives for HCFC phase-out in refrigeration applications in fishing industry	321	0.6
Total		2,039	37.3

Secretariat observations on standard activitiesIS

9. For IS activities, US \$16.37 million has been included of which US \$9.99 million is for the period of 2016 to 2018³, and US \$6.37 million is for the period of 2019 to 2020.

Core unit costs

10. The core unit costs⁴ are expected to be maintained at the 0.7 per cent rate increase that has been agreed to-date.

Adjustments to the UNDP business plan for 2016-2018

11. During the IACM, adjustments to the business plans of bilateral and implementing agencies were agreed based on relevant decisions of the Executive Committee. In reviewing the UNDP revised business plan for 2016-2018, the Secretariat noted that the following adjustments were not included:

Table 4: Adjustments to the UNDP business plan for 2016-2018

Adjustment	2016-2018 (US \$000)	2019 to after 2020 (US \$000)
New HPMP activities (stage II) with submissions to the 75 th meeting to match the proposed funding level as originally submitted	-124	249
Stage I of HPMP as per decision 60/44(f)(xii)	-9	-28

² Pursuant to decision 72/40(b) through which the Executive Committee established a window for the submission of demonstration projects for low-GWP alternatives to HCFCs up to the 76th meeting within the specific framework, and allocated total funding not to exceed US \$10 million.

³ In line with decision 74/51(c), to approve all IS projects and renewals at a level 28 per cent higher than the historically agreed level, with a minimum level of IS funding of US \$42,500 per year.

⁴ UNDP's 2016 core unit cost request has been submitted to the 75th meeting (UNEP/OzL.Pro/ExCom/75/34).

Adjustment	2016-2018 (US \$000)	2019 to after 2020 (US \$000)
Additional stage I of HPMP based on the relevant cost-effectiveness threshold	-103	0
Project preparation for stage II of HPMPs pursuant to decision 71/42	-2	-3
Stage II of HPMPs in LVC countries to the maximum allowable value to achieve 35 per cent reduction in the HCFC baseline consumption based on decision 74/50(c)(xii)	-23	-3
Stage II of HPMPs in non-LVC countries with phase-out exceeding the maximum eligibility for HCFC-141b (including those contained in imported pre-blended polyol)	-1,787	-1,157
Foam sector of stage II of HPMPs in non-LVC countries based on a maximum cost-effectiveness of US \$7.00/kg ⁵	-70	-35

12. Table 5 presents the results of the Secretariat's proposed adjustments to the UNDP business plan for 2016-2018, which are also addressed in the context of the Consolidated business plan of the Multilateral Fund for 2016-2018⁶.

Table 5: Resource allocation in UNDP's adjusted business plan for 2016-2018 (US \$000s)*

Item	2016	2017	2018	Total (2016-2018)	Total (2019-2020)	Total after 2020
Required for compliance						
Approved MYAs	1,953	568	1,678	4,199	781	21
HPMP stage I	42	21	8	70	56	11
HPMP stage I - additional funding	327	128	0	455	0	0
HPMP PRP - stage II	0	86	208	293	243	0
HPMP stage II	34,990	23,635	50,957	109,582	53,418	3,366
Demonstration – low-GWP alternatives	2,039	0	0	2,039	0	0
Standard activities						
IS	3,620	2,753	3,620	9,993	6,373	0
Core unit	2,055	2,069	2,084	6,208	4,212	0
Grand total	45,025	29,261	58,555	132,840	65,082	3,398

Performance indicators

13. UNDP submitted performance indicators pursuant to decision 71/28 in its business plan narrative. After several discussions, UNDP and the Secretariat agreed on the targets as shown in Table 6.

Table 6: Performance indicators for UNDP

Type of indicator	Short title	Calculation	2016 target
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned*	28
Planning--Approval	Projects/activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)**	18
Implementation	Funds disbursed	Based on estimated disbursement in progress report	26,906,232
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	390.1
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	61

⁵ As agreed at the IACM.

⁶ UNEP/OzL.Pro/ExCom/75/21.

Type of indicator	Short title	Calculation	2016 target
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	70% of those due
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	70% of those due
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	On time

* The target of an agency would be reduced if it could not submit a tranche owing to another cooperating or lead agency, if agreed by that agency.

** Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

Policy issues

14. UNDP presented five issues related to stage II of HPMPs. The first issue relates to allowing countries to submit stage II of HPMPs that goes beyond the 2020 phase-out target. The Secretariat's adjustments to the business plans allow HPMPs for non-LVC countries with manufacturing sectors to have tonnage exceeding the 2020 compliance requirement up to their remaining funding eligibility. The adjustments for tonnages allow LVC and non-LVC countries with only the servicing sector to meet the 2025 control measure if they already have a commitment to 2020, but up to 2020 if there is a commitment up to 2015. There were no LVC countries in UNDP's business plans that requested a 100 per cent phase-out per decision 60/15.

15. The second issue relates to a priority for the refrigeration and air-conditioning manufacturing sector. Decision XIX/6 provides a priority for HCFC-141b which is mostly used in the foam sector. The Secretariat's comments in the Consolidated business plan of the Multilateral Fund for 2016-2018 provide information on the remaining funding eligibility for HCFC-141b taking into account planned activities in the business plans. The Executive Committee has, as a priority, requested agencies to submit HCFC-141b phase-out projects to enable compliance with the reductions in consumption for the years 2013 and 2015, in accordance with decision XIX/6; and decided to consider HCFC consumption phase-out projects for HCFCs with ODP lower than HCFC-141b, where national circumstances and priorities required their submission, in order to comply with the 2013 and 2015 control measures (decision 59/11). It has also requested bilateral and implementing agencies, when submitting activities to phase out HCFC-22 used in the manufacture of refrigeration and air-conditioning equipment, to estimate the total future amount of HCFC-22 that could potentially be required until 2020 for servicing such equipment (decision 62/12). However, stage II of the HPMPs for Brazil⁷, Colombia⁸, and Lebanon⁹, as originally submitted to the 75th meeting, has included the conversion of the refrigeration and air-conditioning manufacturing sectors, in addition to the foam and servicing sectors. Furthermore, the Executive Committee has approved several stage I of HPMPs that addressed the conversion of refrigeration and air-conditioning manufacturing sector.

16. The third issue refers to the Executive Committee's practice of requiring a minimum of 10 per cent of total funding for the last year of any HPMP. UNDP notes that this amount of funding cannot be used to achieve the compliance target since it is funded either in the year of the control measure or the year before. It should be noted that Multilateral Fund investment projects are completed in three years on average. The intent of the 10 per cent final payment was to ensure that the control measure and compliance with the Agreement between the country concerned and the Executive Committee had been achieved. The experience gained in the implementation of the approved HPMPs shows that at the time of the submission of the last tranche, funding is still available from previous tranches; for the majority of the cost funding associated with the conversion of the manufacturing sector had been disbursed and

⁷ UNEP/OzL.Pro/ExCom/75/40.

⁸ UNEP/OzL.Pro/ExCom/75/42.

⁹ UNEP/OzL.Pro/ExCom/75/52.

committed; funding requested for the last tranche includes activities for the project management unit including verification reports where applicable.

17. The fourth issue concerns growth in HCFC consumption since 2010. UNDP notes that some companies have increased their consumption since 2010 and would then be entitled to compensation based on calculation of ODS consumption on the basis of either the year, or an average of the three years immediately preceding project preparation in accordance with the decision contained in paragraph 32(b) of the Report of the 16th meeting of the Executive Committee¹⁰. The Secretariat suggests that growth in consumption should be considered in the utilization of remaining funding eligibility in the context of the revision of the overarching strategy in stage II of HPMPs.

18. The Secretariat notes that at its 35th meeting, the Executive Committee decided on the starting point for determining the remaining ODS consumption eligible for funding by the Multilateral Fund. The Executive Committee “acknowledged that some future years’ reported consumption may go above or below the levels that result from the agreed calculation, but if consumption numbers go above the resulting levels, such increases in consumption would not be eligible for funding. It is further noted that the resulting numbers represent maximum residual ODS that the Fund will pay to reduce, and that existing Fund guidance related to eligibility of projects would be maintained in all respects.” (proviso B of decision 35/57).

19. Based on the review of approved stage I and stage II of HPMPs, the levels of HCFC consumption in the majority of Article 5 countries are decreasing mainly as a result of the phase-out activities being implemented, the operation of robust licensing and quota systems, and external factors such as a decrease in economic growth (which in some cases has caused the closure of HCFC-based manufacturing enterprises). In some cases, HCFC consumption has increased in some manufacturing enterprises. In some other cases, it has been noted that the total eligible HCFC consumption of a manufacturing sector that has been fully funded is lower than the amount established in the starting point (e.g., stage II of the HPMP for Mexico already approved, stage II of the HPMP for Colombia submitted to the 75th meeting).

20. At its 54th meeting, the Executive Committee approved the guidelines for the preparation and implementation of HPMPs. Subsequently, funding was approved by the Executive Committee for all Article 5 countries for the preparation of stage I of their HPMPs and for a large number of Article 5 countries (mostly non-LVC countries) for the preparation of stage II of their HPMPs. Within the overall funding level, specific funding has been allocated for the development of the overarching strategy of the HCFC phase-out (for both stage I and stage II) through which countries could *inter alia* “develop a long-term strategy that provides an overall direction and includes a list of critical actions the country expects to undertake to achieve the HCFC phase-out. Such an approach could be outlined in sequential stages that would provide a sufficient lead time for remaining policy issues to be resolved at both the Fund and national levels. In this regard, and given the existing uncertainty in the course of technological development, the long-term strategy could include options and be subject to periodic review and updating on the basis of, *inter alia*, the development of substitutes and alternatives” (document UNEP/OzL.Pro/ExCom/54/53). Therefore, due consideration should be given to the remaining consumption eligible for funding and the forecast growth in consumption in any given sector phase-out plan during the development of any stage of the HPMP.

21. Furthermore, during the discussion of this issue at the IACM, the Secretariat emphasized that stage II of HPMPs should be planned carefully to ensure that sufficient funding remains available for phase-out of eligible consumption used by eligible enterprises in future stages of the HPMP.

22. The fifth issue concerns the flexibility between HCFC-141b and HCFC-22 consumption. UNDP is asserting that there could be balances left in HCFC-141b from its remaining funding eligibility defined

¹⁰ UNEP/OzL.Pro/ExCom/16/20.

in the agreements between the country concerned and the Executive Committee. UNDP suggested that there should be some flexibility in using any remaining funding eligibility to increase funding for HCFC-22. The Secretariat notes that the agreements do not allow such flexibility.

23. This issue was discussed at the IACM. The Secretariat reminded bilateral and implementing agencies that the remaining eligible consumption is established by individual substance and cannot be transferred. Furthermore, the agreement in which starting point consumption is established reflects a legal commitment between the country and the Executive Committee. Moreover, eligible funding for a country is determined according to the starting point for aggregate reduction in consumption at the time of the approval of the agreement. The amount of HCFC consumption eligible for funding was based on the consumption of each HCFC (as reflected in Appendix 2-A of the agreements), and thus, adjusting the level of consumption among HCFCs for funding purposes might not be possible.

24. It is to be noted that the consumption of HCFC-141b contained in imported polyols and, for those Article 5 parties that include such consumption in their Article 7 data, the consumption of HCFC-141b in bulk, cannot be precisely determined given the fact that most Article 5 countries have not required import/export licenses for HCFC-141b pre-blended polyols, as the amount of HCFC-141b contained therein is not reported under Article 7 of the Montreal Protocol. Furthermore, the harmonized codes most commonly used for polyols, group all polyols into one including those pre-blended and containing different blowing agents. Therefore the amounts of HCFC-141b in bulk or contained in imported pre-blended polyols are based on best estimates provided by systems houses, chemical distributors, and/or foam enterprises.

RECOMMENDATIONS

25. The Executive Committee may wish:

- (a) To note the UNDP business plan for 2016-2018 contained in document UNEP/OzL.Pro/ExCom/75/23; and
- (b) To approve the performance indicators for UNDP as set out in Table 6 of document UNEP/OzL.Pro/ExCom/75/23.



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**Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol**

**UNDP 2016
Business Plan Narrative**

75th Meeting, 16-20 November 2015, Montreal

I. Introduction

The 2016-2018 UNDP Business Plan for the Multilateral Fund for the Montreal Protocol provides the Executive Committee with estimates of the funding levels needed to achieve the 2020 control measures for HCFCs. This narrative is based on an excel table that is included as **Annex 1** to this report. The excel table lists all the ongoing and planned UNDP activities for which funding is expected during the period 2016 through 2018. Figures are also provided for the years 2019-2030, which are mainly related to Stage I HPMP approvals, preparation funds for Stage II, and Stage II HPMP proposals. It should also be noted that planned activities included in the 2016 column are relatively firm, while future years are indicative and are provided for planning purposes only.

In preparing this business plan, the relevant Executive Committee decisions on Business Planning, Stage I and Stage II HPMPs, and HCFC investment and demonstration projects (60/44, 71/18, 71/42, 72/20, and 72/40) as well as country requests have been taken into consideration. In addition, as per Executive Committee decision 74/51, funding levels for institutional strengthening projects were increased by 28%. As agreed with the Secretariat, activities which were included in UNDP's 2015 Business Plan, but were not submitted in 2015 were reflected in the 2016 Business Plan as well.

The activities included for 2016 can be summarized as follows:

- 22 ongoing institutional strengthening activities, of which 10 will request an extension in 2016 for a combined amount of US\$ 3.6 million;
- Several HCFC-related activities, some of which have resulted directly from the approval of Stage I in the previous six years.
- Ten countries have also included HCFC activities for Stage II HPMPs in 2016. This includes large countries such as China, India, Iran and Nigeria.
- Full sized projects demonstrating low GWP alternatives to HCFCs (in accordance with Executive Committee Decision 72/40) in four countries (Costa Rica, India, Kuwait and Maldives). Preparatory funding has already been received for these projects at the 74th meeting. It should be noted that the full sized demonstration projects for China, Colombia, Dominican Republic, and Egypt are expected to be approved in 2015 and are thus not included in the current business plan; and
- One global request for the Core Unit support cost.

Thus the expected business planning value is **US\$ 45.8 million for 2016** and **US\$ 30.0 million for 2017** (including support costs). This funding translates to the phase out of 440.3 ODP tonnes in 2016 and 257.5 ODP tonnes in 2017.

Figures for the Stage I HPMP-related activities in 2016 and beyond were obtained using the following methodology:

1. For the approved MYAs, actual figures and ODP values were taken from the agreements between the Executive Committee and the countries concerned.
2. A new Stage I HPMP for Mauritania with funding in 2016 was included. Difficulties at the national level have not allowed us to submit this Stage I HPMP (as well as the Stage I HPMP for South Sudan) yet.
3. A HPMP for Panama has already been approved, but an entry for a potential foam project that uses pre-blended polyols has been included in 2016. This request falls under ExCom decisions 61/47 and 63/15, which allows countries to submit them when a feasible technology is available in the System Houses that supply the countries (mainly Colombia and Chile that would be reconverted in their Stage II HPMPs).
4. An investment project has been included for Cuba in the air conditioning manufacturing sector in the year 2017. At the time of Cuba's HPMP approval (November 2011), the decision allowed Cuba to

submit the investment project for Frioclima during this period.

Figures for the Stage II HPMP-related activities in 2016 and beyond were based on the Stage II guidelines that were approved at the 74th meeting and were obtained using the following methodology:

1. We took the sector/chemical distribution as per starting point, based on the HPMP Stage I document.
2. We took the ODPs by sectors that have already been approved during Stage I and calculated the remaining eligible sector consumption by deducting the approved ODP from the original sector distribution.
3. For non-LVCs, in most cases, we estimated the value of Stage II based on a calculation of up to 35% of the value of phase-out. HCFC-141b entries were prioritized in the majority of cases.
4. For LVCs that phased out 10% in Stage I, we assumed they would phase-out 35% in Stage II.
5. US dollar estimates were derived based on the cost-effectiveness figures agreed with the MLF Secretariat during the Inter-agency coordination meeting in August 2015.
6. The year of the first tranche of Stage II and the duration of Stage II were determined on a country basis depending on the local context of the country.

Stage II PRP was entered one to two years before the last tranche of Stage I of the HPMP is due in most cases with the exception of a few countries.

II. Resource allocation

The projects are grouped into various categories, which are described in the following summary table.

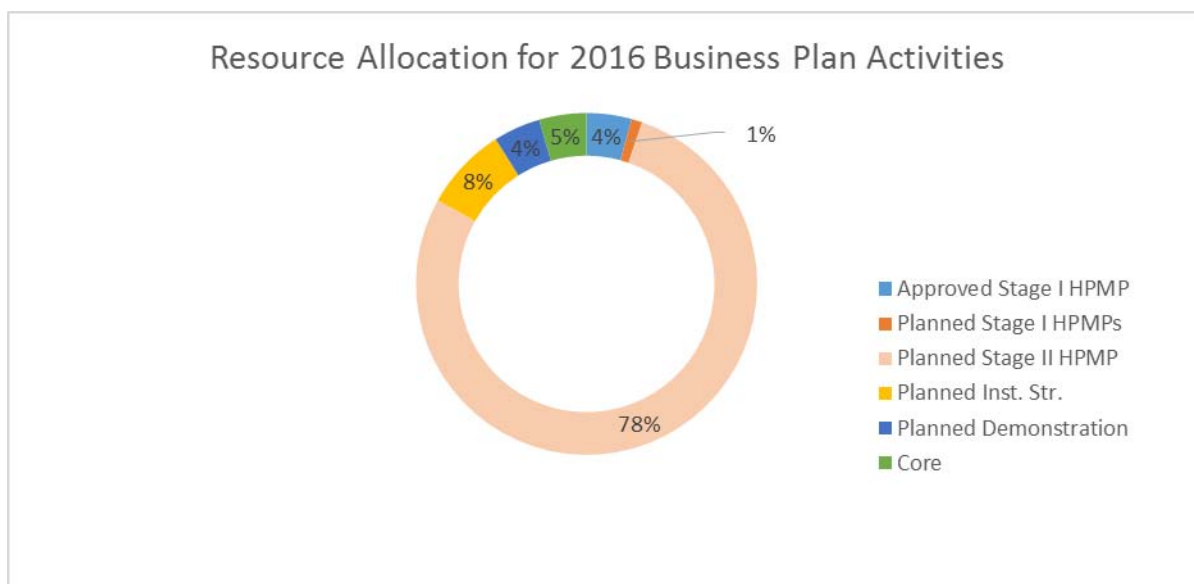
Table 1: UNDP 2015-2017 Business Plan Resource Allocations¹

Category	2016 Value (000's)	2017 Value (000's)	2018 Value (000's)
1a. Approved Stage I HPMP	1,953	568	1,490
1b. Approved Stage II HPMP	-	-	187
2a. Planned Stage I HPMPs	472	157	8
2b. Planned Stage II PRP	-	86	210
2c. Planned Stage II HPMP	35,666	24,412	51,509
3. Planned Inst. Str.	3,620	2,753	3,620
4. Planned Demonstration	2,039	-	-
5. Core	2,055	2,069	2,084
Grand Total	45,805	30,046	59,108

The bulk of UNDP's activities fall under HCFC phaseout, with Stage II HPMPs representing about 78% of the funding levels in 2016. Indeed with the ending of the 10% reduction target in 2015, the key priority for 2016 will be the activities towards the 2020 control measure – the 35% reduction target for HCFCs.

¹ All values include agency support costs.

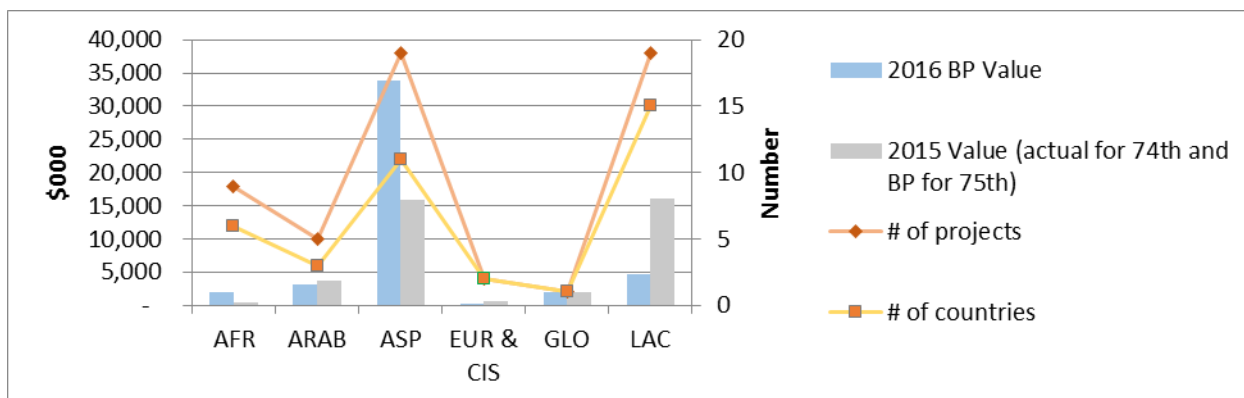
Chart 1: UNDP Resource Allocation for 2016 Business Plan Activities



III. Geographical distribution

The UNDP Business Plan will once again cover all the regions, with approved and new activities in 53 countries, 38 of which have funding requests in 2016. The number of countries, activities and budgets per region for 2016 is listed in Chart 1.

Chart 2: UNDP 2016 MYA Tranches² and New Activities per Region³



This graph doesn't include the Ozone programmes in the CIS that are funded by the GEF.

IV. Programme Expansion in 2016

4.1. Background

UNDP's 2016-2018 Business Plan has mostly been developed by taking previous years' business plans into

²All values include agency support costs.

³EUR contains CIS-countries that receive MLF funding.

consideration, applying the relevant Executive Committee decisions on Business Planning, Stage I and Stage II HPMPs, investment and demonstration projects, and through communication with Article 5 countries that have expressed an interest in working with UNDP to address their compliance and other needs.

Clarifications were sought and overlaps were resolved during discussions with the MLF Secretariat and other Implementing and bilateral Agencies during and post the Inter-Agency Coordination meeting held on 31 August - 2 September 2015 in Montreal.

Countries Contacted. All activities listed are either deferred from the prior year’s business plan, or have active project preparation accounts ongoing, or were included based on requests from the countries concerned. UNDP will continue to provide technical and advisory support to all the countries assisted during Stage I. In addition, UNDP will also start to provide support to Venezuela for Stage II.

Coordination with other bilateral and implementing agencies. As in the past, during 2016 UNDP will continue to collaborate with both bilateral and other implementing agencies, as lead agency or cooperating agency. Collaborative arrangements in programming will continue with bilateral agencies, the Government of Italy and the Government of Japan.

4.2. ODP Impact on the 3-year Phase-out Plan

In the next table, which is also based on **Annex 1**, the ODP amount listed in a given year corresponds to the US\$ amount that is approved in that same year whereby the overall cost-effectiveness was applied to each individual funding tranche.

Table 2: Impact upon Project Approval (in ODP T)⁴

Category	ODP in 2016	ODP in 2017	ODP in 2018
HCFC-141b	278.5	141.0	348.5
HCFC-142b	-	4.7	-
HCFC-22	153.0	101.1	202.4
HCFC-22/HCFC-141b	8.7	10.7	5.6
Grand Total	440.3	257.5	556.5

*The split between the various HCFCs is often difficult to determine, especially where various agencies are active in one HPMP. It is for those cases that the category “HCFC-22/HCFC-141b” was used.

4.4. Non-investment projects

Also included in **Annex 1** are UNDP’s five individual planned non-investment projects in 2016, with a total value of US\$ 4.1 million, including support costs. This list includes one global request under the core unit and four full sized projects demonstrating low GWP alternatives to HCFCs (in accordance with ExCom Decision 72/40).

Details on all these requests will also be included in the respective Work Programmes to be submitted throughout 2016.

⁴ Tonnage in ODP and based on date of project approvals. The figures for ODP related to ODS-waste management and destruction projects are very raw estimates. In addition it has to be clear that those figures are not phase-out as they represent ODS “use” and not “consumption”

Table 3: Individual Non-Investment projects (DEM/TAS) in 2016

Agency Category	Country	Sector and Subsector	Value (\$000) in 2016
4. Planned Demonstration	Costa Rica	Demonstration project for the transition of HCFC-22-based refrigerant unit to NH3 system in cold chambers	500
4. Planned Demonstration	India	Demonstration project for development and evaluation of spray foam polyol systems for buildings using HFOs as blowing agent	1,000
4. Planned Demonstration	Kuwait	Demonstration project for low-global warming potential alternatives in high ambient temperature conditions in air-conditioning applications	218
4. Planned Demonstration	Maldives	Demonstration project for low-global warming potential alternatives for HCFC phase-out in refrigeration applications in fishing industry	321
5. Core	Global	Core Unit Support	2,055

In addition, UNDP will prepare 12 non-investment Institutional Strengthening project extensions in 2016, as indicated in the table below. The total value of IS renewal programming in 2016 is US\$ 3.6 million. An additional 10 IS renewals (Brazil, Chile, Colombia, Costa Rica, Cuba, Georgia, Indonesia, Malaysia, Panama, and Uruguay) will be submitted in 2017 and are thus not shown in the table below.

Table 4: Non-Investment Institutional Strengthening requests

Agency Category	Country	Sector and Subsector	Value (\$000) in 2016
3. Planned Inst. Str.	Argentina	Several Ozone unit support	427
3. Planned Inst. Str.	Bangladesh	Several Ozone unit support	178
3. Planned Inst. Str.	China	Several Ozone unit support	534
3. Planned Inst. Str.	Ghana	Several Ozone unit support	191
3. Planned Inst. Str.	India	Several Ozone unit support	511
3. Planned Inst. Str.	Iran	Several Ozone unit support	238
3. Planned Inst. Str.	Lebanon	Several Ozone unit support	212
3. Planned Inst. Str.	Nigeria	Several Ozone unit support	356
3. Planned Inst. Str.	Pakistan	Several Ozone unit support	307
3. Planned Inst. Str.	Sri Lanka	Several Ozone unit support	184
3. Planned Inst. Str.	Trinidad and Tobago	Several Ozone unit support	91
3. Planned Inst. Str.	Venezuela	Several Ozone unit support	391

4.5. Formulation of HPMP related activities in 2016

UNDP has submitted HCFC Stage I Phase-out Management Plans for 48 countries out of 50 countries. 2016 will be particularly important as it is the year after a compliance year. Thus, an increased effort will be made to speed up implementation of ongoing tranches of Stage I HCFC Phase-out Management Plans and to initiate Stage II activities. In essence, the following project formulation activities will be carried out:

1. Preparing and submitting final tranches of Stage I HPMPs. 17 tranches valued at \$2.0 million is expected to be submitted in 2016.
2. Developing and submitting first tranches for Stage II HPMPs. 2016 will be a key year for the submission of Stage II HPMP proposals. It is expected that ten countries will be submitting their Stage II HPMPs to the ExCom for its consideration in 2016.
3. Demonstration projects for low-global warming potential alternatives in the refrigeration and foam sectors will be carried out in China, Colombia, Costa Rica, Egypt, India, Kuwait, and Maldives. In

addition, a feasibility study for district cooling will be conducted in Dominican Republic.

4. Conducting ODS alternative surveys for Costa Rica, El Salvador, India, Iran, Lebanon, and Panama, all of which were already approved at the 74th meeting of the ExCom. It is expected that ODS alternative surveys will also be approved for UNDP for Bangladesh, Cuba, Dominican Republic, Moldova, Nigeria, Paraguay, and Peru at the 75th meeting of the ExCom.

It should be noted that UNEP and UNDP are still working on finalizing and submitting the Stage I HPMP for Mauritania and South Sudan. However, we have been unable to submit this HPMP yet due to internal difficulties (which has led to an audit that is still ongoing). Thus, UNDP has included the Stage I HPMP for Mauritania in its Business Plan in 2016. The Stage I HPMP for South Sudan will also be submitted as soon as the situation of the country will allow us to do so (most likely in 2017).

V. Activities included in the Business plan that needs special consideration

While the preceding Section 4 of this report dealt specifically with 2016 activities only, section 5 is related to all years.

Implementation of HCFC Phase-out Management Plans (HPMPs) in developing countries involves technology and policy interventions for phasing out HCFCs, to comply with the control targets of the accelerated HCFC phase-out schedule. During Stage I of the HPMP covering the 2013 and 2015 control targets, higher ODP HCFCs and sectors (HCFC-141b and the Foams Sector) were prioritized to maximize environmental impact. It followed that larger enterprises, where cost-effective conversions could be carried out using existing and mature technologies (eg. hydrocarbons), were also prioritized.

While some companies addressed in Stage I were able to identify solutions, we are now facing the work to be done to phase out consumption in SMEs. It has been noted during Stage I that even in the prioritized sectors/substances (HCFC-141b, Foams Sector), for enterprises with lower levels of HCFC consumption, established alternatives to HCFCs (e.g. hydrocarbons) did not always provide a sustainable solution in terms of availability, costs, performance and safety issues. Similarly, in other sectors and substances, alternatives to HCFCs are in various stages of development and market introduction and reliable data in terms of costs, availability and performance is not readily available, particularly at the country/ground level.

UNDP has significant experience in facilitating technology assessments of emerging alternatives (Methyl formate, Methyl Al, CO₂, R-32, Ammonia, hydrocarbons, etc.) in various sectors and will be submitting new proposals in 2016 that are in line with the intent of ExCom Decision 72/40 and which demonstrate viable and low GWP alternatives to HCFCs using various technologies in a number of priority sectors. Pursuant to ExCom decision 72/40, UNDP is preparing additional projects to demonstrate climate-friendly and energy-efficient alternative technologies to HCFCs, and feasibility studies on district cooling. UNDP has already received preparation funding for such demonstration projects for China, Costa Rica, Egypt, India, Kuwait, Lebanon, and Maldives. In addition, UNDP is submitting full sized projects for Colombia and Egypt but no preparation funding has been requested for these two projects.

Finally, as per the decision of XXVI/9 of the Twenty-Sixth Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, UNDP is also conducting surveys of ODS alternatives, prioritizing the Foams, Refrigeration and Air Conditioning sectors in selected developing countries representing a balance of size and regional spread in order to: establish the market penetration of current commercially available alternatives, in terms of supply chain and costs, performance and environmental impact; and identify emerging alternatives, in terms of their expected market introduction and availability, performance and projected costs. ODS alternative surveys have already been approved for Costa Rica, El Salvador, India, Iran, Lebanon, and Panama and it is expected that ODS alternative surveys will also be approved for Bangladesh, Cuba, Dominican Republic, Moldova, Nigeria, Paraguay, and Peru at the last meeting in 2015.

VI. Policy Issues

6.1. Stage II Beyond 2020 Targets

Some countries want to submit Stage II that goes beyond the 2020 targets – at times up to 2025 or beyond. If countries provide justifications as to why they should include such additional commitments during Stage II rather than in future stages, it is UNDP’s hope that the Executive Committee may be open to these requests. In addition, if HCFC phase-out in complex HCFC consumption patterns is to be looked at comprehensively, more than just one sector may need to be covered in a particular funding period (or stage) and this may demand drawing more resources from future stages – so in some countries this may require a “combination of stages in one programme”. It is UNDP’s hope that flexibility may be applied when reviewing country proposals.

6.2. Prioritization of RAC Manufacturing

While HCFC-141b is generally still considered high priority in view of its high ODP, as per ExCom guidance, some countries working on their Stage II HPMP formulation are concerned about the fact the RAC manufacturing sector ought to be addressed on a priority basis as well. Indeed, this sector when not tackled soon may result in an important servicing tail, which may lead to compliance problems in a few years. It is UNDP’s hope that flexibility may be applied when reviewing country proposals.

6.3. Funding Distribution for Stage II Tranches

In general, 10% of the total funding is reserved for the last tranche/last year of any HPMP. As this is usually the year of the control measure itself (or just before it), the funds are actually coming too late to allow for any phase-out activity and its related effect. Since this is the case, the tonnage associated with this 10% should really be associated with the control measure that goes beyond that of Stage II.

6.4. Growth in HCFC Consumption Since 2010

Some companies have seen growth in HCFC consumption in 2014 compared to 2010 consumption levels. The overall national compliance targets have been achieved as this growth has been compensated by a decrease in HCFC consumption by certain other enterprises. This could sometimes result in the higher consumption levels being funded by the enterprises concerned. This needs to be reviewed keeping in mind the national circumstances required for achieving compliance.

6.5. Flexibility between HCFC 141b and HCFC 22

While Executive Committee Decision 60/44 speaks about one starting point from which eligible activities ought to be deducted, Excom agreements in the HPMPs tend to split this starting point by substance, resulting in multiple starting points. Once HCFC 141b phase out is accomplished through project activities, a balance often remains in the eligible remaining consumption related to that particular substance. This may be relevant to very small users, which might be difficult to estimate due to their irregular foaming activities. It is UNDP’s hope that flexibility can be given to the country, to utilize the remaining tonnage of any substance (HCFC 141b in this example), so that it can be used for activities related to other sectors using other substances (HCFC 22 for example).

VII. 2016 PERFORMANCE INDICATORS

Decision 71/28 of the Executive Committee approved the following indicators to allow for the evaluation of performance of implementing agencies, with the weightings indicated in the table below. UNDP has added a column containing the “2016 targets” for those indicators. Some of these targets can be extracted from UNDP’s 2016 business plan to be approved at the 75th ExCom meeting in November 2015. It should however be noted that this table is usually revised at that meeting, depending on the decisions that are taken. Other targets will be known once the prior year’s progress report is submitted.

Category of performance indicator	Item	Weight	UNDP’s target for 2016	Remarks
Planning/Approval	Number of tranches approved vs. those planned*	10	29	19 Stage I tranches and 10 Stage II planned tranches
Planning/Approval	Number of projects/activities approved vs. those planned (including project preparation activities)**	10	46	29 MYAs, 12 IS, 1 TAS, 4 DEM
Implementation	Funds disbursed (based on estimated disbursement in progress report)	15	26,906,232	As determined by the 2014 Progress Report.
Implementation	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	25	403.0	ODS Phaseout associated with 19 Stage I approved tranches and 10 Stage II planned tranches
Implementation	Project completion vs. planned in progress reports for all activities (excluding project preparation)	20	81	As determined by the 2014 Progress Report.
Administrative	The extent to which projects are financially completed 12 months after project completion	10	70% of those due	
Administrative	Timely submission of project completion reports vs. those agreed	5	70% of those due	
Administrative	Timely submission of progress reports and business plans and responses unless otherwise agreed	5	On time	

* The target of an agency will be reduced if we could not submit a tranche owe to another cooperating/lead agency, if agreed by that agency.

** Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

Note: As per usual practice, all the above indicators will be revised during the 75th ExCom, depending on which programmes are allowed to stay in the business plan at that meeting.

ANNEX 1 – TABLES RELATED TO PERFORMANCE INDICATORS

Table 1: Performance Indicator on planned/approved tranches

Country	Title
Stage I	
Angola	Stage I HPMP
Barbados	Stage I HPMP
Belize	Stage I HPMP
Bhutan	Stage I HPMP
Cambodia	Stage I HPMP
Chile	Stage I HPMP
Cuba	Stage I HPMP
DRC	Stage I HPMP
El Salvador	Stage I HPMP
Fiji	Stage I HPMP
Ghana	Stage I HPMP
Haiti	Stage I HPMP
Jamaica	Stage I HPMP
Malaysia	Stage I HPMP
Mali	Stage I HPMP
Sri Lanka	Stage I HPMP
Timor-Leste	Stage I HPMP
Mauritania	Stage I HPMP
Panama	HCFC-INV: Foams
Stage II	
Armenia	Stage II HPMP (servicing)
Chile	Stage II HPMP
China	Stage II HPMP
Dominican Republic	Stage II HPMP (servicing)
India	Stage II HPMP
Iran	Stage II HPMP
Nigeria	Stage II HPMP
Panama	Stage II HPMP
Republic of Moldova	Stage II HPMP (servicing)
Uruguay	Stage II HPMP (servicing)

Table 2: Performance Indicator on planned/approved activities

Country	Sector and Subsector
MYAs	
Angola	Stage I HPMP
Barbados	Stage I HPMP
Belize	Stage I HPMP
Bhutan	Stage I HPMP
Cambodia	Stage I HPMP
Chile	Stage I HPMP
Cuba	Stage I HPMP
DRC	Stage I HPMP
El Salvador	Stage I HPMP
Fiji	Stage I HPMP
Ghana	Stage I HPMP
Haiti	Stage I HPMP

Jamaica	Stage I HPMP
Malaysia	Stage I HPMP
Mali	Stage I HPMP
Sri Lanka	Stage I HPMP
Timor-Leste	Stage I HPMP
Mauritania	Stage I HPMP
Panama	HCFC-INV: Foams
Armenia	Stage II HPMP (servicing)
Chile	Stage II HPMP
China	Stage II HPMP
Dominican Republic	Stage II HPMP (servicing)
India	Stage II HPMP
Iran	Stage II HPMP
Nigeria	Stage II HPMP
Panama	Stage II HPMP
Republic of Moldova	Stage II HPMP (servicing)
Uruguay	Stage II HPMP (servicing)
IS	
Argentina	Several Ozone unit support
Bangladesh	Several Ozone unit support
China	Several Ozone unit support
Ghana	Several Ozone unit support
India	Several Ozone unit support
Iran (Islamic Republic of)	Several Ozone unit support
Lebanon	Several Ozone unit support
Nigeria	Several Ozone unit support
Pakistan	Several Ozone unit support
Sri Lanka	Several Ozone unit support
Trinidad and Tobago	Several Ozone unit support
Venezuela	Several Ozone unit support
TAS	
Global	Core Unit Support
DEMO	
Costa Rica	Demonstration project for the transition of HCFC-22-based refrigerant unit to NH3 system in cold chambers
India	Demonstration project for development and evaluation of spray foam polyol systems for buildings using HFOs as blowing agent
Kuwait	Demonstration project for low-global warming potential alternatives in high ambient temperature conditions in air-conditioning applications
Maldives	Demonstration project for low-global warming potential alternatives for HCFC phase-out in refrigeration applications in fishing industry

Table 3: ODS phase-out for tranches

Country	Title	ODP in 2016
Angola	Stage I HPMP	0.2
Barbados	Stage I HPMP	0.2
Belize	Stage I HPMP	0.0
Bhutan	Stage I HPMP	0.0
Cambodia	Stage I HPMP	0.9
Chile	Stage I HPMP	1.1
Cuba	Stage I HPMP	1.6
Democratic Republic of the Congo	Stage I HPMP	0.3
El Salvador	Stage I HPMP	0.8

Fiji	Stage I HPMP	0.4
Ghana	Stage I HPMP	3.8
Haiti	Stage I HPMP	0.4
Jamaica	Stage I HPMP	2.3
Malaysia	Stage I HPMP	5.2
Mali	Stage I HPMP	0.9
Sri Lanka	Stage I HPMP	0.9
Mauritania	Stage I HPMP	0.9
Panama	HCFC-INV: Foams	4.8
Armenia	Stage II HPMP (servicing)	0.5
Chile	Stage II HPMP (rigid foam)	14.0
Chile	Stage II HPMP (foam)	0.5
China	Stage II Investment proj./Sector Plans (ICR Sector Plan)	90.0
China	Stage II Investment proj./Sector Plans (Solvents Sector Plan)	120.0
Dominican Republic	Stage II HPMP (servicing)	4.7
India	Stage II HPMP (air conditioning)	23.6
India	Stage II HPMP (foam)	70.0
India	Stage II HPMP (refrigeration)	7.9
India	Stage II HPMP (refrigeration)	3.6
Iran (Islamic Republic of)	Stage II HPMP (refrigeration)	20.0
Iran (Islamic Republic of)	Stage II HPMP (refrigeration)	5.6
Nigeria	Stage II HPMP (foam)	8.0
Nigeria	Stage II HPMP (servicing)	5.6
Panama	Stage II HPMP (rigid foam)	0.8
Panama	Stage II HPMP (servicing)	1.4
Republic of Moldova	Stage II HPMP (servicing)	0.0
Uruguay	Stage II HPMP (servicing)	2.0

Table 4: Performance Indicator on project completions

Formula	Estimated Completion Date
BRA/PHA/64/INV/295	Jan-16
COS/SEV/71/INS/49	Feb-16
DOM/PHA/69/INV/53	Feb-16
PAN/SEV/71/INS/36	Feb-16
URU/SEV/71/INS/60	Feb-16
COL/REF/47/DEM/65	Mar-16
CUB/SEV/71/INS/52	Mar-16
DOM/PHA/69/INV/54	Mar-16
ARG/SEV/71/INS/172	Mar-16
BAR/PHA/69/INV/21	Apr-16
COL/DES/66/DEM/82	Apr-16
CPR/PHA/64/INV/515	Apr-16
MDV/PHA/69/INV/24	Apr-16
PER/PHA/68/INV/46	Apr-16
BRA/SEV/66/INS/297	Apr-16
ANG/PHA/72/INV/12	May-16
BRA/FOA/72/PRP/301	May-16
COL/FOA/72/PRP/87	May-16

COL/PHA/72/INV/89	May-16
COL/PHA/72/PRP/86	May-16
COL/REF/72/PRP/84	May-16
COL/REF/72/PRP/88	May-16
DOM/PHA/72/PRP/55	May-16
GHA/PHA/72/INV/39	May-16
GHA/PHA/BI/INV/37	May-16
IDS/FFI/72/PRP/205	May-16
IDS/PHA/72/PRP/204	May-16
IND/FOA/72/PRP/455	May-16
IND/FOA/72/PRP/458	May-16
IND/PHA/72/PRP/452	May-16
IND/REF/72/PRP/453	May-16
IND/REF/72/PRP/459	May-16
IRA/PHA/72/INV/211	May-16
IRA/PHA/72/PRP/216	May-16
IRA/REF/72/PRP/217	May-16
KYR/PHA/72/INV/29	May-16
LEB/FOA/72/PRP/81	May-16
LEB/PHA/72/PRP/80	May-16
LEB/REF/72/PRP/79	May-16
MAL/FOA/72/PRP/175	May-16
MAL/PHA/72/PRP/176	May-16
MAL/REF/72/PRP/177	May-16
MAL/REF/72/PRP/178	May-16
MOL/PHA/72/PRP/29	May-16
NIR/FOA/72/PRP/139	May-16
NIR/PHA/72/PRP/138	May-16
PAN/FOA/72/PRP/37	May-16
PAN/PHA/72/PRP/38	May-16
SRL/PHA/71/TAS/45	May-16
TLS/PHA/72/PRP/11	May-16
URU/FOA/72/PRP/62	May-16
URU/PHA/72/PRP/61	May-16
VEN/FOA/72/PRP/126	May-16
CHI/PHA/71/INV/179	Jun-16
CPR/PHA/68/INV/525	Jun-16
CPR/PHA/71/INV/537	Jun-16
IDS/PHA/64/INV/195	Jun-16
IDS/PHA/64/TAS/192	Jun-16
MEX/PHA/71/INV/168	Jun-16
JAM/PHA/70/INV/32	Jul-16
KAM/PHA/70/INV/28	Jul-16
SRL/PHA/70/INV/44	Jul-16
TLS/PHA/63/INV/07	Jul-16
CUB/PHA/68/INV/50	Aug-16
CPR/PHA/65/INV/519	Oct-16
CUB/PHA/65/INV/49	Oct-16

DOM/PHA/65/INV/49	Oct-16
MAL/PHA/65/TAS/170	Oct-16
ARM/PHA/73/PRP/12	Nov-16
BRA/PHA/73/INV/306	Nov-16
CHI/FOA/73/PRP/183	Nov-16
CHI/PHA/73/INV/184	Nov-16
CHI/PHA/73/PRP/182	Nov-16
CPR/PHA/73/INV/550	Nov-16
CPR/PHA/73/PRP/545	Nov-16
CPR/REF/73/PRP/543	Nov-16
CPR/SOL/73/PRP/544	Nov-16
FIJ/PHA/73/INV/27	Nov-16
NIR/PHA/73/INV/140	Nov-16
NIR/SEV/73/INS/141	Nov-16
URU/PHA/73/INV/63	Nov-16