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THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-sixth Meeting  
Montreal, 2-6 November 2020  
Postponed to 8-12 March 2021<sup>1</sup>

**UNEP'S COMPLIANCE ASSISTANCE PROGRAMME BUDGET FOR 2021**

**Introduction**

1. UNEP has submitted the budget for its Compliance Assistance Programme (CAP) for 2021 at a total cost of US \$9,974,000, plus agency support costs of US \$797,920.<sup>2</sup> The submission contains the 2020 progress report and the 2021 work programme. The submission is attached to the present document.
2. The proposed CAP 2021 work plan is submitted for the first year of a three-year 2021-2023 strategy for the CAP.

2020 CAP progress report

3. The activities implemented from September 2019 to August 2020 are summarized below (the complete progress report is contained in Part III of the submission attached to the present document):
  - (a) Provided compliance assistance to 148 Article 5 countries, including data reporting under Article 7 of the Montreal Protocol and under country programme (CP) data reporting and specific support to individual countries including, *inter alia*, assisting customs organisations to assign specific customs codes for HFCs in their Harmonized Commodity Description and Harmonized Code (HS) systems; preparing guidance materials and templates; participating in country stakeholder consultations on the Kigali Amendment, assisting NOUs in developing documentation to initiate the ratification process and providing support in the ratification process in cooperation with the Ozone Secretariat;
  - (b) Assisted 105 Article 5 countries in the implementation, monitoring and reporting of their institutional strengthening (IS) projects, and provided capacity building of newly appointed national ozone officers (NOOs) and/or their assistants;

<sup>1</sup> Due to coronavirus disease (COVID-19)

<sup>2</sup> This submission is in line with decision 47/24, which limited the increase of UNEP's CAP budget to 3 per cent per annum.

- (c) Supported the operation of the regional networks by organizing 14 network and thematic meetings to address issues related to, *inter alia*, HCFC phase-out commitments and reporting; HCFC licensing and quota systems including HS codes for HFCs; enforcement, trade; developing e-licensing systems; border dialogues on prevention of illegal trade of controlled substances; alternative technologies of the refrigeration and air-conditioning (RAC) sector; refrigeration servicing sector; and organizing three roundtables/roadshows (China, Mongolia and Serbia) on ozone- and climate-friendly technologies;
- (d) Organized and conducted a number of virtual regional meetings and webinars given the constraints imposed by the COVID-19 pandemic; some issues discussed included: challenges for data reporting of HFCs; alternative refrigerants for high-ambient temperature (HAT) countries; legal framework to incorporate compliance obligations under the Kigali Amendment into existing regulations; the informal prior informed consent (iPIC) mechanism; role of customs and enforcement in managing ODS; the management of contaminated refrigerants; gender considerations in project design; and food cold chain systems. A virtual meeting was conducted with NOUs of the Pacific Island Countries (PICs) and representatives from non-Article 5 countries to discuss matters related to stage II of the regional HCFC phase-out management plan (HPMP) for the PICs;<sup>3</sup>
- (e) Supported 102 Article 5 countries in the implementation of their HPMPs (as lead implementing agency in 74 countries and as cooperating implementing agency in 28 countries);
- (f) Provided assistance to 93 Article 5 countries in the implementation of and reporting on enabling activities for HFC- phase down;
- (g) Developed new global and regional capacity building and information products (e.g., RAC technician videos, HCFC quota and license tracker application, and an e-learning course on energy efficient RAC systems); updated existing applications (e.g., What Gas?, GWP-ODP Calculator, iPIC and Gas Card online visualization tool); distributed OzonAction newsletter, translated OzonAction publications; and regularly updated the OzonAction website;
- (h) Worked in partnership with the World Customs Organization (WCO) to provide appropriate information and training materials on issues related to trade in controlled substances, and engagement in enforcement operations; and
- (i) Continued partnership with industry associations,<sup>4</sup> *inter alia*, on the development and operation of e-learning modules for technicians and the refrigerant driving license (RDL) global qualification programme; the development of an international guide for laboratories on testing with flammable refrigerants; and organization of joint events and the dissemination of information.

#### Fund disbursement

4. Of the US \$9,974,000, plus agency support costs of US \$797,920 approved for the CAP budget for 2019, UNEP will return US \$1,090,514, plus agency support costs of US \$87,241 to the 86<sup>th</sup> meeting, in

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<sup>3</sup> Stage II of the HPMP for the PICs has been submitted to the 86<sup>th</sup> meeting (UNEP/OzL.Pro/ExCom/86/67).

<sup>4</sup> The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), International Institute of Refrigeration (IIR), Air-conditioning, Heating and Refrigeration Institute (AHRI).

line with decision 35/36(d). The return is included in the document on the Report on balances and availability of resources.<sup>5</sup>

#### 2021-2023 three-year rolling strategy

5. The CAP three-year rolling strategy for 2021-2023 was prepared in line with UNEP's clearinghouse functions described in paragraph 3(b) of Article 10 of the Montreal Protocol and taking into account feedback from NOUs and lessons from the implementation of activities associated with the previous three-year strategy. The 2021-2023 strategy has the following four overarching objectives:

- (a) Assisting NOUs and strengthening national regulatory frameworks related to compliance obligations under the Montreal Protocol;
- (b) Assisting Article 5 countries to comply with their HCFC phase-out commitments and maintaining compliance with the phase-out targets of all the substances controlled under the Montreal Protocol;
- (c) Assisting in the introduction and use of ozone- and climate-friendly alternative technologies in the refrigeration servicing sector; and
- (d) Promoting ratification of the Kigali Amendment and assisting Article 5 countries in the implementation of the HFC phase-down.

6. A detailed description of the CAP three-year rolling strategy for 2021-2023 is contained in Part I of the submission attached to the present document.

#### 2021 CAP work programme

7. For 2021 UNEP will implement the following activities:

- (a) Country-specific compliance assistance to Article 5 countries at risk of non-compliance with their Montreal Protocol targets;
- (b) Continue the operation of the 10 regional networks of NOOs including thematic meetings (physical and/or online depending on the evolution of the COVID-19 pandemic); provide capacity-building training for NOOs; and facilitate country-to-country cooperation;
- (c) Assist in the ratification of the Kigali Amendment; promote the use of HFC Outlook Model to forecast consumption under different scenarios by pilot countries during stakeholder consultations including a simplified Model for a low-volume consuming country;
- (d) Continue to assist NOUs in complying with their reporting obligations under Article 7 of the Protocol and CP data, and in strengthening their regulatory frameworks related to the Montreal Protocol, assist in the development, implementation and enforcement of HFC licensing and quota systems; assist in strengthening the monitoring, reporting, verification and enforcement systems in place; facilitate sharing of best practices in establishing and implementing existing HCFC regulation in monitoring and control of ODS, vis-à-vis HFC legislation; and provide tools (e.g., iPIC, quota calculators) and develop new tools for relevant stakeholders;
- (e) Provide training, training materials and tools (e.g., HCFC Quota and Licence Tracker Desktop Application) to build the capacity of customs and enforcement personnel; promote

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<sup>5</sup> UNEP/OzL.Pro/ExCom/86/04.

the adoption of the updated UNEP-WCO Montreal Protocol Training for Customs Officers into the national training curricula; assist with incorporation of HFC customs codes into the import/export licensing and quota systems; and facilitate the strengthening of transboundary cooperation and intelligence sharing in combating illegal trade of controlled substances among Article 5 countries;

- (f) Support training in the refrigeration servicing sector by providing tools that have been developed (e.g., universal training kit, refrigerant management university course and the RDL) and that will be developed to refrigeration technicians, refrigeration associations and other key stakeholders; support the development of a risk assessment methodology for flammable refrigerants, the integration of issues related to energy efficiency during the servicing of RAC equipment, and the certification of refrigeration technicians through the technical and vocational education training institutes; and promote gender mainstreaming of female technicians and experts in all activities related to the RAC servicing sector;
- (g) Continue the implementation of global clearinghouse activities through developing publications; organizing international, regional and national fora on matters related to the implementation of the Montreal Protocol; facilitating country-to-country cooperation to address specific needs by NOUs (e.g., technical briefs for alternative refrigerants and technologies including case studies on not-in-kind technologies and natural refrigerants for HAT countries and targeted sectors for refrigeration servicing including the food cold chain);
- (h) Continue assisting countries with ongoing HPMPs, HCFC verification reports and the implementation of recommendations from verification reports; support any country requesting UNEP assistance to prepare and submit new HPMPs, HFC phase-down projects, or HFC phase-down strategies; and
- (i) Continue assisting 105 Article countries with the implementation, monitoring and reporting of their IS projects.

#### Changes in the CAP 2021 budget

8. The CAP budget for 2021 of US \$9,974,000, plus agency support costs of US \$797,920 is contained in Annex 1 of the submission. The overall CAP budget request is at the same level approved in 2019 and 2020, as shown in Annex 2 of the submission.

#### *Changes in CAP staff*<sup>6</sup>

9. UNEP indicated progress in filling vacant posts since the 84<sup>th</sup> meeting with only four out of 15 vacant posts remaining to be filled. During the period while posts were being filled, interim measures have enabled CAP to continue delivering its activities and services.

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<sup>6</sup> Decision 82/57(c)(iii): UNEP was requested in future submissions of the CAP budget, to continue reporting on the current post levels of CAP staff and inform the Executive Committee of any changes thereto, particularly with respect to any increased budget allocations.

*Changes in the programmatic budget<sup>7</sup>*

10. The following reallocations were proposed to the budget lines (BLs) under the main item global services:

- (a) Policy and technical assistance (BL 3211) at US \$95,000 (a decrease of US \$35,000 compared to 2020) to include: supporting the development of publications/factsheets, production of the OzonAction Scoop,<sup>8</sup> development of a publication on Montreal Protocol and Sustainable Development Goals, and an online Knowledge Map;<sup>9</sup>
- (b) Translation and outreach (BL 3212) at US \$115,000 (an increase of US \$5,000 compared to 2020) to include: supporting the translation of documents into UN languages, and developing materials for the International Ozone Day, and outreach activities;
- (c) Refrigerant servicing sector assistance (BL 3214) at US \$160,000 (an increase of US \$75,000 compared to 2020 adjusted from BLs 3211 and 3215) to cover the costs required to support the finalization of the pilot stage and deployment of the universal training kit, developing model codes of practice, technical briefs, and training tools for the sector; and
- (d) Enforcement and Customs (BL 3215) (a decrease of US \$45,000 compared to 2020) to: support the online database of Montreal Protocol regulations, updating the WCO-UNEP Customs e-learning, and layout of updated Customs training manual.

*Comparison of the budget for 2019-2021*

11. In line with decision 84/60(c)(iv),<sup>10</sup> UNEP had provided a comparison of the CAP budget for three years as shown in Table 1.

**Table 1: CAP budget for 2019-2021 (US \$)**

Budget item	2019			2020		2021
	Approved	Expenditure	Balance	Approved	Expenditure*	Proposed
Staff and consultants	7,069,000	5,970,987	1,098,013	7,069,000	6,569,000	7,069,000
Travel	548,000	498,958	49,042	548,000	80,000	548,000
Regional activities and meetings**	1,262,000	1,262,000	-	1,262,000	200,000	1,097,000
Global services***	505,000	467,593	37,407	505,000	250,000	505,000
Meetings	-	-	-	-	-	165,000
Space and equipment	590,000	460,895	129,105	590,000	490,000	590,000
<b>Sub-total</b>	<b>9,974,000</b>	<b>8,660,433</b>	<b>1,313,567</b>	<b>9,974,000</b>	<b>7,589,000</b>	<b>9,974,000</b>
Programme support cost	797,920	692,835	105,085	797,920	607,120	797,920
<b>Total</b>	<b>10,771,920</b>	<b>9,353,268</b>	<b>1,418,652</b>	<b>10,771,920</b>	<b>8,196,120</b>	<b>10,771,920</b>

\* Estimated as of 6 August 2020.

\*\* Includes the expenditures on the advisory and consultative meetings budget line.

\*\*\* Includes outreach and translation, and advisory group meetings.

<sup>7</sup> Decision 84/60(c)(ii): Extending the prioritization of funding between CAP budget lines so as to accommodate changing priorities and providing details, pursuant to decisions 47/24 and 50/26, on the reallocations made.

<sup>8</sup> A triannual newsletter by UN Environment OzonAction under the Multilateral Fund for the Implementation of the Montreal Protocol.

<sup>9</sup> A single point of access for basic information related to country's profile and project data.

<sup>10</sup> Decision 84/60(c)(iv): UNEP was requested in future submissions of the CAP budget, to continue providing a budget for the year in question and a report on the costs incurred in the year prior to the last year, noting sub-paragraphs (c)(ii) and (c)(iii).

12. The balances from the 2019 CAP were returned to the Fund.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

13. The Secretariat reviewed the CAP budget submission and the changes in the programme and staffing in line with decision 84/60(c)<sup>11</sup> taking into account the overall structure of the CAP, its operations and regional structure and other relevant decisions.

14. With regard to the progress report on the implementation of the 2020 work plan and noting the challenges posed by the COVID-19 pandemic, UNEP explained that while the pandemic had affected their physical presence in many of the Article 5 countries being assisted, a number of activities continued through virtual meetings where possible. For instance, many HPMP preparations/consultations and one customs training in West Asia were conducted online; a number of webinars were organized, and the regional offices were always on hand to respond to countries' needs (via telephone calls or emails). According to UNEP, while there were restrictions to travel and face-to-face meetings, most of the CAP activities (e.g., compliance assistance services, global information and capacity building activities, project support) have progressed well.

15. UNEP also provided an update on the considerable progress made to fill vacant positions in 2020. Out of the 15 vacant positions at the 84<sup>th</sup> meeting, the recruitment process has been completed for seven positions, and another four will be on board by November 2020. The remaining four positions are in various stages of recruitment and are expected to be filled by 2021. UNEP also described this as a moving target and committed to provide an update to the Executive Committee on the overall status when the physical 85<sup>th</sup>/86<sup>th</sup> meeting takes place. During the period when there have been vacancies, UNEP has coped with the situation by reallocating tasks, reprioritizing work, hiring consultants, and engaging UN Volunteers. These interim measures have enabled CAP to continue delivering its activities and services efficiently and smoothly.

16. The Secretariat noted that the three-year rolling strategy for 2021-2023 has been aligned with the business plan of the Multilateral Fund and has taken into account the current and anticipated needs of Article 5 countries; it followed UNEP's results-based management approach and included a theory of change.<sup>12</sup>

17. During the review process, the Secretariat sought clarifications relating to the correlation between the identified thematic areas, outcomes, and specific activities, noting some areas and activities which were potentially overlapping, and suggested to merge and simplify the description of some of the proposed activities (e.g., adding a section on objectives, making the three-year strategy more concise by focusing on fewer main points and using sub-themes). Subsequently, UNEP submitted a revised version of the three-year strategy which took into account the Secretariat's comments and observations.

18. In reviewing the proposed 2021 CAP budget against the 2020 approved budget, the Secretariat noted that the main change was related to a reduction of US \$165,000 in BL 2030 (regional activities) and an increase in the same amount in BL 4200 (meetings); in addition, the overall total funding of US \$590,000 in BL 3200 (global services) did not change, reallocations were made in the distribution of the funding under that line, as shown in Table 2. The overall CAP budget is below the allowable level of increase and the changes proposed of the staff are in line with increased responsibilities of the posts.

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<sup>11</sup> Decision 84/60(c)(i): Providing detailed information on the activities for which the global funds would be used; decision 84/60(c)(ii), (iii) and (iv): Ibid.

<sup>12</sup> The theory of change approach is a methodology for planning, participation and evaluation, which defines long-term goals and then maps backward to identify necessary preconditions.

**Table 2. Comparison of the 2020 approved CAP budget and the 2021 proposed budget (US \$)**

Budget line	2020 approved	2021 proposal	Difference	Change (%)
1999 (staff personnel)	7,069,000	7,069,000	0	0
1600 (travel)	548,000	548,000	0	0
2030 (regional activities)	1,262,000	1,097,000	(165,000)	(13)
3200 (global services)	505,000	505,000	0	0
4200 (meetings)	-	165,000	165,000	13
5220 (office operations/communication)	590,000	590,000	0	0
<b>Total</b>	<b>9,974,000</b>	<b>9,974,000</b>	<b>0</b>	<b>0</b>

19. UNEP also explained that while it is cognizant of the COVID-19 pandemic, the 2021 budget is requested at the same level as 2020, as it is expected that the overall situation would return to normal in 2021. However, as a contingency, the network meetings and other face-to-face activities including HPMP implementation and other compliance assistance to Article 5 countries will be held towards the end of 2021 rather than during the first half of the year; activities during the first half of the year will consist of online consultations and meetings to continue the momentum of project implementation.

#### Exceptional return of balances from 2020 approved CAP budget

20. UNEP also recognized that Article 5 and non-Article 5 countries are facing tremendous health, financial and social challenges because of COVID-19 pandemic, and that CAP activities during 2020 were affected by this unprecedented crisis. In a demonstration of goodwill and sensitivity to the situation, and without setting precedent, UNEP has proposed the early return of balances amounting to US \$1,159,945, consisting of US \$1,074,023, plus agency support costs of US \$85,922, to the 86<sup>th</sup> meeting, from the funds approved for the CAP budget in 2020. These balances are uncommitted funds mainly related to travel and meeting costs that would not be disbursed before the end of 2020 due to the pandemic. UNEP expressed that this return of balances is on an exceptional basis and noted that the final amount to be returned for 2020 CAP budget (from those funds remaining in UNEP) will be returned in line with decision 35/36(d), and that future returns will be made consistent with this decision.

## **RECOMMENDATION**

21. In the light of the information provided by UNEP and the comments above, the Executive Committee may wish:

- (a) To note the proposed three-year strategy for 2021-2023 and the 2021 work plan and budget for UNEP Compliance Assistance Programme (CAP) contained in document UNEP/OzL.Pro/ExCom/86/36;
- (b) To note with appreciation that UNEP, recognizing that Article 5 and non-Article 5 countries are facing health, financial and social challenges because of the COVID-19 pandemic, and that CAP activities during 2020 were affected by this unprecedented crisis, has returned to the 86<sup>th</sup> meeting, in advance of the completion of the 2020 work plan, on an exceptional basis and without setting a precedent, the uncommitted funding balance of US \$1,074,023, plus agency support costs of US \$85,922;

- (c) To approve the CAP activities and budget for 2021 in the amount of US \$9,974,000, plus agency support costs of 8 per cent amounting to US \$797,920 noting the adjustments proposed therein; and
  - (d) To further request UNEP, in future submissions of the CAP budget, to continue:
    - (i) Providing detailed information on the activities for which the global funds would be used;
    - (ii) Extending the prioritization of funding between CAP budget lines so as to accommodate changing priorities, and to provide details, pursuant to decisions 47/24 and 50/26, on the reallocations made;
    - (iii) Reporting on the current post levels of staff and informing the Executive Committee of any changes thereto, particularly with respect to any increased budget allocations; and
    - (iv) Providing a budget for the year in question, and a report on the costs incurred in the year prior to the last year, noting sub-paragraphs (c)(ii) and (c)(iii) above.
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