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EXECUTIVE COMMITTEE OF
 THE MULTILATERAL FUND FOR THE
 IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-eighth Meeting

Montreal, 15-19 November 2021[[1]](#footnote-2)

**UNEP’S COMPLIANCE ASSISTANCE PROGRAMME BUDGET FOR 2022**

**Introduction**

# UNEP has submitted the budget for its Compliance Assistance Programme (CAP) for 2022 at a total cost of US $9,988,900, plus agency support costs of US $799,112.[[2]](#footnote-3) The submission contains the 2021 progress report and the 2022 work programme and is attached to the present document.

# The proposed CAP 2022 work plan is submitted for the second year of the three-year 2021‑2023 strategy for the CAP, noted at the 86th meeting during the approval of the 2021 budget (decision 86/61) to accommodate new priorities, taking into account the challenges of the COVID-19 pandemic.

# 2021 CAP progress report[[3]](#footnote-4)

# The activities implemented from September 2020 to August 2021 are summarized below:

## Compliance assistance to 147 Article 5 countries; and support implementation, monitoring and reporting of institutional strengthening (IS) projects in 105 countries leading to timely and efficient data reporting under Article 7 of the Montreal Protocol and under country programme (CP) data reporting;

## Support to 102 Article 5 countries in the implementation of their HCFC phase-out management plan (HPMPs) (as lead implementing agency in 74 countries and as cooperating implementing agency in 28 countries);

## Support the operation of the regional networks of national ozone officers (NOOs) by organizing 16 network and thematic virtual meetings and other meetings (for a total of 50 meetings), where several issues were discussed, *inter alia,* the informal prior informed consent (iPIC) mechanism; gender mainstreaming; establishing legislation/policy measures including those related to the Kigali Amendment, trade of controlled substances under the Protocol and prevention of illegal trade, labelling requirements for HCFC cylinders; data reporting including HS codes for HFCs and HFC baseline calculation; ozone science and constraints in the implementation of funded activities due to the COVID‑19 pandemic;

## Assistance to 93 Article 5 countries in the implementation of and reporting on enabling activities for HFC phase-down and to 13 countries in the preparation of Kigali HFC implementation plans (KIPs);

## Maintain up to date the OzonAction website; and prepare and disseminate 26 editions of the biweekly *OzonNews* electronic newsletter;

## Developed and implemented specific global products and activities (i.e., Refrigerant Driving License (RDL), global training programme for the refrigeration servicing sector and NOO training programme) including smartphone and desktop applications as tools for Article 5 countries in the implementation of their compliance activities;

## Continue and enhanced the partnership with the World Customs Organization (WCO) to provide updated information and training materials for customs officers and NOOs on issues related to trade in controlled substances, and engagement in enforcement operations;

## Continue and expanded partnerships with several industry associations,[[4]](#footnote-5) and initiate discussions with the newly-established Union of Associations of African Actors in Refrigeration and Air-Conditioning (U-3ARC) to support training and certification in the refrigeration servicing sector in Africa, and

## Promote gender mainstreaming through project support (taking into account gender mainstreaming as per the Multilateral Fund guidelines) and CAP services (as a theme/session in network and thematic meetings, and in four OzonAction webinars on the subject).

Fund disbursement

# Of the US $9,974,000, plus agency support costs of US $797,920 approved for the CAP budget for 2020, UNEP has returned US $2,611,540 plus agency support costs of US $208,923to the 88th meeting, in line with decision 35/36(d). This return is included in the document on the report on balances and availability of resources presented at the 88th meeting.[[5]](#footnote-6)

2022 CAP work programme

# For 2022, UNEP will implement the following activities:

## Country-specific compliance assistance to Article 5 countries with potential risk of non‑compliance with their obligations under the Montreal Protocol;

## Operation of the 10 regional networks of NOOs by organizing network and thematic meetings (physical and/or online depending on the evolution of the COVID‑19 pandemic); providing capacity‑building and training for all NOOs; and facilitate south-south cooperation;

## Assistance to NOOs 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., handbook for data reporting, iPIC, quota calculators) and develop new tools for relevant stakeholders;

## Support training for customs officers and distribution of training materials (e.g., HCFC Quota and Licence Tracker Desktop Application) and tools, to further strengthen the capacity of customs and enforcement personnel; translate and disseminate the updated UNEP‑WCO Montreal Protocol Training for Customs Officers and promote its adoption 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;

## Support training for technicians in the refrigeration servicing sector by providing developed tools (e.g., universal training kit, refrigerant management university course and the RDL) and those that will be developed to refrigeration technicians, refrigeration associations and other 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; and promote gender mainstreaming of female technicians and experts in all activities related to the RAC servicing sector;

## Assistance to Article 5 countries to facilitate ratification of the Kigali Amendment and in the preparation of KIPs including funding requests for their preparation (as lead and cooperating agency);

## Assistance to Article 5 countries in implementing ongoing activities under their HPMPs including preparation of verification reports and the implementation of recommendations from verification reports, as relevant; and assistance in the preparation and submission of new HPMPs for Article 5 countries that so request;

## Assistance to the 105 Article 5 countries with the implementation, monitoring and reporting of their IS projects, funded under UNEP work programme; and

## 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 national ozone units (e.g., technical briefs for alternative refrigerants and technologies, case studies on not-in-kind technologies and natural refrigerants for high ambient temperature (HAT) countries, the food cold chain).

# For 2022, UNEP CAP proposes to streamline cooperation with the UNEP regional offices with the aim of further enhancing the efficiency of UNEP's delivery of its Multilateral Fund projects and services to Article 5 countries. On this basis, internal agreements covering financial management, human resources, and project implementation, were concluded with the Law Division (where the CAP is administratively located) and with the regional offices, giving UNEP CAP full accountability and oversight of the CAP teams. UNEP Regional Directors will continue to provide high-level support to the CAP regional teams as required.

# Changes in the CAP 2022 budget

# The CAP budget for 2022 of US $9,988,900, plus agency support costs of US $799,112 is contained in Annex 1 of the submission. The overall CAP budget request is 0.15 per cent higher than the budget approved in 2021 (i.e., US $9,974,000, plus support costs of US $797,920), with a 1.63 per cent increase in staff costs (i.e., US $114,900) to cover inflation and adjustments to some posts based on expanded roles and responsibilities. The overall CAP budget request is below the maximum 3 per cent increase limit that is allowed by decision 47/24(a)(iii).[[6]](#footnote-7)

# *Changes in CAP staff[[7]](#footnote-8)*

# UNEP indicated progress in filling vacant posts since the 86th meeting with only five out of 12 vacant posts remaining to be filled. One post has been frozen with the budget line reduced to zero, which will be revisited when the CAP 2023 budget proposal is prepared. During the period while posts were being filled, interim measures have enabled CAP to continue delivering its activities and services.

# *Changes in the programmatic budget*[[8]](#footnote-9)

# The following reallocations were proposed to the budget lines (BLs) under the main item “global services”:

## Advisory and consultative meetings and stakeholder workshops (BL 4210) at US $20,000 (a decrease of US $125,000 compared to 2021) due to limitations in holding physical meetings because of the COVID-19 pandemic; this reduced budget is requested for stakeholder workshops in the second half of 2022. The balance (i.e., US $125,000) has been reallocated to translation and outreach (BL 3212), and to staffing (various BLs) on an exceptional basis, to accommodate the programme’s current need for more translated materials requested by Article 5 countries, and to offset costs for staff changes proposed in paragraph 10 below;

## Translation and outreach (BL 3212) at US $160,000 (an increase of US $45,000 compared to 2021) for increased production of information materials, training manuals and handbooks translated into UN languages in response to the needs of Article 5 countries during the pandemic.

# UNEP is also proposing modifications to the posts described below, to reflect new responsibilities and to ensure consistency of responsibilities and accountability among posts at the same level:

## BL 1147 (from P3 to P4) – Montreal Protocol Programme Officer - Administration and Finance (Nairobi): due to increased accountability and responsibility for delivering, managing, and reporting on the financial and administrative services of the entire regional and global CAP operations, including managing the audit process;

## BL 1304 (from G5 to G6) – Programme Assistant - Europe and Central Asia (ECA) (Paris): due to increased complexity of duties and responsibilities related to project and financial management and reporting to 11 Article 5 countries;

## BL 1344 (from G6 to G7) – Programme Assistant - Francophone Africa (Nairobi): due to increased complexity of duties and responsibilities related to project and financial management and reporting to 26 Article 5 countries;

## BL 1345 (from G5 to G6) – Montreal Protocol Global Administrative Assistant (Nairobi): due to increased responsibilities related to technical support to Regional CAP teams, and additional financial roles and responsibilities for accounting and budgetary reconciliations, support in preparing financial and management report, and managing audit process;

## BL 1102 (from a P5 to a P3) – replacing the functional title from Senior Environment Officer - Network and Policy (Paris) to Montreal Protocol Programme Officer – ECA/Global Capacity Building: re-oriented to strengthen the ECA network and support global capacity building activities; this adjustment will also facilitate oversight for the regional networks done by the former Senior Environment Officer - Network and Policy (Paris) will be managed by the Head of the CAP (BL 1101), with technical support from the Capacity Building Officer (BL 1103), and the Coordinators for International Cooperation (BL 1109) and Support to the Executive Committee (BL 1105);

## BL 1106 (from US $191,000 to zero) – P3 Montreal Protocol Programme Officer (Paris): vacant post; re-funding of this line in the future may be proposed to enable its recruitment; and

## BL 1308 (from US $54,000 to zero) – temporary assistance: no current need; re-funding of this line in the future may be proposed when required

# The savings associated with BL 1102, BL 1106 and BL 1308, will offset the costs for the changes proposed in BL 1147, BL 1304, BL 1344 and BL 1345.

## *Comparison of the budget for 2020-2022*

# In line with decision 86/61(d)(iv),[[9]](#footnote-10) UNEP had provided a comparison of the CAP budget for three years as shown in Table 1.

**Table 1: CAP budget for 2020-2022 (US $)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Budget item** | **2020** | **2021** | **2022** |
| **Approved** | **Actual expenditure** | **Balance** | **Approved** | **Estimated expenditure\***  | **Proposed** |
| Staff and consultants | 7,069,000 | 5,464,560 | 1,604,440  | 7,069,000 | 3,947,005 | 7,183,900 |
| Travel | 548,000 | 39,080 | 508,920 | 548,000 | 1,580 | 548,000 |
| Regional activities and meetings\*\* | 1,262,000 | 50,260  |  1,211,740  | 1,262,000 | 68,757 | 1,117,000 |
| Global services\*\*\* | 505,000 | 365,045 | 139,955 | 505,000 | 243,333 | 550,000 |
| Space and equipment  | 590,000 | 435,369 | 154,631 | 590,000 | 366,388 | 590,000 |
| **Sub-total**  | **9,974,000** | **6,354,314** | **3,619,686** | **9,974,000** | **4,627,063** | **9,988,900** |
| Agency support costs | 797,920 | 508,345 | 289,575 | 797,920 | 370,165 | 799,112 |
| **Total** | **10,771,920** | **6,862,659** | **3,909,261** | **10,771,920** | **4,997,228** | **10,788,012** |

\*As at 31 September 2021

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

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

# The balances from the 2020 CAP have been returned to the Fund at the 86th and 88thmeetings.

**SECRETARIAT’S COMMENTS AND RECOMMENDATION**

**COMMENTS**

# The Secretariat reviewed the CAP budget submission and the changes in the programme and staffing in line with decision 86/61(d)[[10]](#footnote-11) taking into account the overall structure of the CAP, its operations and regional structure and other relevant decisions.

# The Secretariat noted that despite challenges caused by the pandemic, UNEP has reported substantive progress in the implementation of its 2021 work plan. While the pandemic had affected UNEP physical presence in many Article 5 countries, a number of activities continued through 50 virtual meetings, of the networks, through which assistance was provided to Article 5 countries. Furthermore, most of the CAP activities (e.g., compliance assistance services, global information and capacity building activities, project support) progressed well.

# UNEP also made considerable progress to fill vacant positions in 2021; out of the 12 vacant positions at the 86th meeting, the recruitment process is complete for six positions, and one was not filled, with the budget line reduced to zero for 2022, to be revisited in 2023. The remaining five positions are in various stages of recruitment and are expected to be filled no later than May 2022. Filling of the vacant posts has contributed to UNEP’s ability to implement projects during this reporting period, and where required, UNEP reallocated tasks, reprioritized work, and hired consultants.

# The Secretariat sought clarification from UNEP on whether the proposed streamlining of CAP operations through the regional offices will result in cost savings, and how this will impact delivery of activities. UNEP explained that while there are no cost efficiencies associated with this new approach, there will be an additional accountability framework that is expected to lead to a more efficient delivery of services and in operations.

# In reviewing the proposed 2022 CAP budget against the 2021 approved budget, the Secretariat noted that the main change was related to a reduction of US $145,000 in BL 4200 (“meetings”) and an increase of US $45,000 in BL 3200 (“global services”), 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.

# **Table 2. Comparison of the 2021 approved CAP budget and the 2022 proposed budget (US $)**

| **Budget line** | **2021 approved**  | **2022 proposal**  | **Difference**  | **Change (%)**  |
| --- | --- | --- | --- | --- |
| 1999 (staff personnel) | 7,069,000 | 7,183,900 | 114,900 | 1.63 |
| 1600 (travel) | 548,000 | 548,000 | 0 | 0 |
| 2030 (regional activities) | 1,097,000 | 1,097,000 | 0 | 0 |
| 3200 (global services) | 505,000 | 550,000 | 45,000 | 8.91 |
| 4200 (meetings) | 165,000 | 20,000 | (145,000) | (87.88) |
| 5220 (office operations/communication) | 590,000 | 590,000 | 0 | 0 |
| **Total** | **9,974,000** | **9,988,900** | **14,900** | **0.15** |

# UNEP also explained that while it is cognizant of the COVID-19 pandemic, the 2022 budget is requested at a similar level as 2021 except for the slight increase in staff personnel costs, as it is expected that improved sanitary measures and increased vaccination rates worldwide would return the overall situation to normal business and operations in 2022. While online consultations and meetings continue to be the mode of project implementation during COVID-19 pandemic, UNEP is expecting to resume its regular assistance provided to Article 5 countries sometime in 2022, which is required for such a far‑reaching and complex programme.

# Exceptional return of balances from 2021 approved CAP budget

# At the 88th meeting, UNEP will be making an exceptional early return of funds from the 2021 budget, to continue demonstrating its goodwill and sensitivity to the current financial situation, amounting to US $1,884,323 (including agency support costs). These balances are uncommitted funds mainly related to travel and meeting costs that would not be disbursed before the end of 2021 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 2021 CAP budget (from those funds remaining in UNEP) will be in line with decision 35/36(d).

# **RECOMMENDATION**

1. In the light of the information provided by UNEP and the comments above, the Executive Committee may wish:
	1. To note the 2022 work plan and budget for UNEP Compliance Assistance Programme (CAP) contained in document UNEP/OzL.Pro/ExCom/88/34;

## To note also, with appreciation, that UNEP, recognizing that Article 5 and non‑Article 5 countries continued to face health, financial and social challenges because of the coronavirus disease pandemic, and that CAP activities during 2021 were affected by this ongoing crisis, would return at the 88th meeting, in advance of the completion of the 2021 work plan, on an exceptional basis and without setting a precedent, the uncommitted funding balance of US $1,744,743, plus agency support costs of US $139,580;

## To approve the CAP activities and budget for 2022 in the amount of US $9,988,900, plus agency support costs of 8 per cent amounting to US $799,112, noting the adjustments proposed therein; and

## To further request UNEP, in future submissions of the CAP budget, to continue:

### Providing detailed information on the activities for which the global funds would be used;

### 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;

### 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

### 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 (ii) and (iii) above.

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1. Online meetings and an intersessional approval process will be held in November and December 2021 due to coronavirus disease (COVID-19) [↑](#footnote-ref-2)
2. This submission is in line with decision 47/24, which limited the increase of UNEP’s CAP budget to 3 per cent per annum. [↑](#footnote-ref-3)
3. The complete progress report is contained in Part III of the submission attached to the present document. [↑](#footnote-ref-4)
4. The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), International Institute of Refrigeration (IIR), Air-conditioning, Heating and Refrigeration Institute (AHRI), Indian Society of Heating, Refrigerating and Air-Conditioning Engineers (ISHRAE), and Federación de asociación iberoamericana (FAIAR). [↑](#footnote-ref-5)
5. UNEP/OzL.Pro/ExCom/88/4 [↑](#footnote-ref-6)
6. Requests for future increases in the CAP budget would be limited to 3 per cent, unless the Executive Committee was given evidence that inflationary pressures justified otherwise. [↑](#footnote-ref-7)
7. Decision 86/61(d)(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. [↑](#footnote-ref-8)
8. Decision 86/61(d)(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. [↑](#footnote-ref-9)
9. 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 (d)(ii) and (d)(iii). [↑](#footnote-ref-10)
10. Providing detailed information on the activities for which the global funds would be used; decision 86/61(d)(ii), (iii) and (iv): Ibid. [↑](#footnote-ref-11)