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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-first Meeting
Montreal, 5-9 July 2010

UNDP'S WORK PROGRAMME AMENDMENTS FOR 2010

COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. UNDP is requesting approval from the Executive Committee of US \$1,112,150 for the amendments of its 2010 Work Programme, plus agency support costs of US \$83,410. The Work Programme is attached to this document.

2. The activities proposed in UNDP's Work Programme Amendments are presented in Table 1 below:

Table 1: UNDP's Work Programme Amendments

| Country | Activity/Project | Amount Requested (US \$) | Amount Recommended (US \$) |
|---|--|--------------------------|----------------------------|
| SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL | | | |
| A1. Renewal of institutional strengthening projects: | | | |
| Bangladesh | Renewal of institutional strengthening project (Phase VI) | 130,000 | 97,500 |
| Colombia | Renewal of institutional strengthening project (Phase VII additional funding 10 months) | 114,833 | 114,833 |
| Iran (Islamic Republic of) | Renewal of institutional strengthening project (Phase VIII) | 173,511 | 86,756 |
| Malaysia | Renewal of institutional strengthening project (Phase VIII additional funding 12 months) | 139,750 | 139,750 |
| Sri Lanka | Renewal of institutional strengthening project (Phase VIII) | 134,056 | 67,028 |
| | Subtotal for A1: | 692,150 | 505,867 |
| A2. Project preparation for HPMP investment activities: | | | |
| Jamaica | Project preparation for HPMP for investment activities in the foam sector | 30,000 | 30,000 |
| Sri Lanka | Project preparation for HPMP for investment activities in the RAC sector (transfer of funds from World Bank) | 60,000 | [1] |
| | Subtotal for A2: | 90,000 | 30,000 |
| | Subtotal A1 and A2 | 782,150 | 535,867 |
| SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION | | | |
| B1. Project preparation for ODS disposal projects: | | | |
| India | Preparation of ODS disposal demonstration project | 80,000 | 80,000* |
| | Subtotal for B1: | 80,000 | 80,000* |
| B2. Technical assistance: | | | |
| Global | Resource Mobilization for climate co-benefits | 250,000 | * |
| | Subtotal of B2: | 250,000 | * |
| | Subtotal A and B | 1,112,150 | 615,867 |
| | Agency support costs (7.5 per cent for project preparation and institutional strengthening, and for other activities over US \$250,000, and 9 per cent for other activities under US \$250,000): | 83,410 | 46,190 |
| | Total: | 1,195,560 | 662,057 |

*Project for individual consideration or pending

[1] Considered under Document UNEP/OzL.Pro/ExCom/61/4

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

A1. Renewal of institutional strengthening projects

- (a) Bangladesh (Phase VI): US \$130,000
- (b) Colombia (Phase VII, additional funding, 10 months): US \$114,833
- (c) Iran (Islamic Republic of), (Phase VIII): US \$173,511
- (d) Malaysia (Phase VIII, additional funding, 12 months): US \$139,750
- (e) Sri Lanka (Phase VIII): US \$134,056

Project description

3. UNDP submitted the requests for the renewal of the institutional strengthening (IS) projects for the 5 countries listed above. The descriptions of the requests for these countries are presented in Annex I to this document.

Secretariat's comments

4. The Fund Secretariat reviewed the IS terminal report and action plan submitted by UNDP on behalf of Bangladesh, Iran (Islamic Republic of), and Sri Lanka, and the brief descriptions for Colombia and Malaysia in support of the renewal requests and found them to be in order and consistent with requirements for these renewals. The Secretariat took into account decisions 57/36(b), 58/16, 59/47 and 60/10 in considering these IS requests, particularly decision 59/47 where the Executive Committee decided "to extend financial support for IS funding for Article 5 parties beyond 2010 and up to December 2011".

5. In the case of Colombia and Malaysia, their IS renewals were approved by the Executive Committee at the 58th Meeting for funding up to December 2010 for 14 and 12 months, respectively, in line with decision 58/16. UNDP resubmitted these two IS renewals seeking an extension to cover the additional funding for a full period of 24 months in line with decision 59/47. The Secretariat calculated the balance of funding requested and recommends approval of these amounts.

Secretariat's recommendations

6. The Fund Secretariat recommends blanket approval of the IS renewal requests for Bangladesh, Iran (Islamic Republic of) and Sri Lanka at the level of funding pro-rated up to December 2011, indicated in Table 1 of document UNEP/OzL.Pro/ExCom/61/23. The Executive Committee may wish to express to the Governments of Bangladesh, Iran (Islamic Republic of) and Sri Lanka the comments which appear in Annex II to this document.

7. The Fund Secretariat also recommends blanket approval of the additional funding for the IS renewals that were approved at the 58th Meeting for Colombia and Malaysia at the funding levels indicated in Table 1 of document UNEP/OzL.Pro/ExCom/61/23, in line with decision 59/47.

A2. Project preparation for HPMP investment activities

Jamaica: Investment project preparation in foam (US \$30,000)

Project description

8. UNDP requested funds for the preparation of the investment activities for one foam manufacturing company in Jamaica. In its submission, UNDP provided basic information about the

country's HCFC consumption and the consumption in the sector for which the project preparation is being sought, as well as the date of initial operation of the enterprise.

Secretariat's Comments

9. The Secretariat reviewed this request for Jamaica and noted that the information provided and the funding being sought is consistent with decision 56/16, as well as the cut-off date agreed in decision 60/44(a).

Secretariat's recommendation

10. The Secretariat recommends blanket approval of the request for the preparation of investment activities in one foam enterprise in Jamaica at the funding level of US \$30,000, as indicated in Table 1 of document UNEP/OzL.Pro/ExCom/61/23.

SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION

B.1 Project preparation for pilot ODS disposal projects

India: Preparation of ODS disposal demonstration project (US \$80,000)

Project description

11. On behalf of the Government of India, UNDP submitted a request for project preparation for a pilot demonstration project for disposal of unwanted CFCs and other ODS in the country at the level of US \$80,000. The supporting documents submitted for this request indicate that upon successful completion, the demonstration project will establish the suitability and viability of a sustainable technological, financial and management model for safe disposal of unwanted ODS in India. It will also result in environmentally sound destruction of about 100 ODP tonnes of CFCs initially, and an average annual disposal of about 100 ODP tonnes of ODS in subsequent years.

12. In its request, UNDP provides an approach to the preparation exercise and has indicated that this will cover the analysis of potential ODS banks, identify quantities for disposal, and define a process for collection as well as technical parameters for a multi-product ODS destruction facility. It also aims to develop a business model on the operation of this activity, and indicates that the main outcomes of the full project will include the following:

- (a) A multi-ODS destruction facility that would ensure environmentally sound destruction of ODS;
- (b) A technological, financial and management model for sustainable operation of the facility.

13. UNDP also mentions that the outcome of this preparation exercise will be a full project proposal, which is expected to be partially financed through the Multilateral Fund depending on eligible components in accordance with the relevant decisions and guidelines of the Executive Committee. It will seek other funding sources for elements not eligible under the Fund possibly through carbon financing. Detailed information for the request is presented in Annex III of UNDP's work programme attached to this document.

Secretariat's comments

14. The Secretariat notes that this project was first submitted to the 60th Meeting and deferred in line with decisions 60/5 and 60/9. The Secretariat reviewed the submission in line with the information required in decision 58/19, and found that the project description provided details on a system of collection, amount of ODS that will be destroyed under this pilot project, and synergies with other existing initiatives on collection. It also addressed how Multilateral Fund funding could leverage co-financing to ensure that future destruction activities would continue in the long term without further financing from the Multilateral Fund. The Secretariat notes that the amount for project preparation being requested is reasonable and consistent with earlier approvals for preparation funds for a project of this type.

Secretariat's recommendation

15. The Executive Committee may wish to approve the request for project preparation for a pilot project for ODS disposal in India in line with decision 58/19.

B2. Technical assistance

Global: Resource mobilization for climate co-benefits: US \$250,000

Project description

16. UNDP submitted a request to the 57th, 58th, 59th and 60th Meetings for a technical assistance project for mobilizing resources to maximize climate benefits of HCFC phase-out, at a funding level of US \$250,000. UNDP is resubmitting the proposal presented to the 60th for the consideration of this meeting without any changes. The project description is included in Annex III to the present document.

17. The table below provides a breakdown of the US \$250,000 requested by the UNDP:

| Cost Head | Phase-I | Phase-II | Total |
|--|---------------------|---------------------|---------------------|
| International Consultant for technical coordination | US \$45,000 | 0 | US \$45,000 |
| Four technical experts for analysis/ methodologies and mapping of additional finance opportunities | US \$169,000 | 0 | US \$169,000 |
| Travel | US \$36,000 | 0 | US \$36,000 |
| Cost recovery for inputs from UNDP | US \$150,000 | US \$100,000 | US \$250,000 |
| Total | US \$400,000 | US \$100,000 | US \$500,000 |
| Matching in-kind co-financing from UNDP US \$(50,000) already provided in 2009 | US \$(150,000) | US \$(100,000) | US \$(250,000) |
| Net MLF Funding Requirement | US \$250,000 | 0 | US \$250,000 |
| Total Requirement(with support costs) | US \$268,750 | | US \$268,750 |

Secretariat's comments

18. Decision XIX/6 paragraph 11(b) of the Nineteenth Meeting of the Parties provided guidance to the Executive Committee to give priority to, *inter alia*, “substitutes and alternatives that minimize other impacts on the environment, including on the climate, taking into account global warming potential, energy use and other relevant factors”, when looking at HCFC phase-out projects. The Executive Committee has so far approved funds for over 160 countries for HPMP preparation. There is an expectation that HPMPs submitted to the Executive Committee for approval should consider and include financial incentives and opportunities for co-financing, in accordance with decision 54/39. These

elements for co-financing could be relevant for ensuring that HCFC phase-out results in benefits in accordance with paragraph 11(b) of decision XIX/6 as mentioned above.

19. The Secretariat noted that the results of this amended proposal by UNDP may assist in examining options for co-financing not just for climate benefits of HCFC phase-out, but also for ODS disposal projects. UNDP will review emerging methodologies for assessing CO₂ emission reductions, and these will now be done in the context of the four different scenarios proposed in Phase I.

Secretariat's recommendation

20. The Executive Committee may wish to consider the request for technical assistance for mobilizing resources to maximize climate benefits of HCFC phase-out, based on the proposal presented, and any discussions on the special funding facility that took place at the 30th OEWS.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Bangladesh: Renewal of institutional strengthening

| Summary of the project and country profile | | |
|--|---|----------------|
| Implementing Agency: | | UNDP |
| Amounts previously approved for institutional strengthening (US \$): | | |
| | Phase I: Sep-94 | 150,000 |
| | Phase II: Nov-99 | 100,000 |
| | Phase III: Dec-01 | 97,901 |
| | Phase IV: Dec-04 | 128,412 |
| | Phase V: Nov-07 | 130,000 |
| | Total | 606,313 |
| Amount requested for renewal (Phase VI) (US \$): | | 130,000 |
| Amount recommended for approval for Phase VI (US \$): | | 97,500 |
| Agency support costs (US \$): | | 7,312 |
| Total cost of institutional strengthening Phase VI to the Multilateral Fund (US \$): | | 104,812 |
| Equivalent amount of CFC phase-out due to institutional strengthening Phase VI at US \$12.1/kg (ODP tonnes): | | n/a |
| Date of approval of country programme: | | 1994 |
| ODS consumption reported in country programme (1994) (ODP tonnes): | | 820.8 |
| Baseline consumption of controlled substances (ODP tonnes): | | |
| | (a) Annex A Group I (CFCs) (Average 1995-1997) | 581.6 |
| | (b) Annex A Group II (Halons) (Average 1995-1997) | 0 |
| | (c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000) | 5.7 |
| | (d) Annex B Group III (Methyl chloroform) (Average 1998-2000) | 0.9 |
| | (e) Annex E (Methyl bromide) (Average 1995-1998) | 0 |
| Latest reported ODS consumption (2008) (ODP tonnes) as per Article 7: | | |
| | (a) Annex A Group I (CFCs) | 158.3 |
| | (b) Annex A Group II (Halons) | 0 |
| | (c) Annex B Group II (Carbon tetrachloride) | 0.1 |
| | (d) Annex B Group III (Methyl chloroform) | 0.5 |
| | (e) Annex E (Methyl bromide) | 0 |
| | (f) Annex C Group I (HCFCs) | 64.2 |
| | Total | 223.1 |
| Year of reported country programme implementation data: | | 2009 |
| Amount approved for projects (US \$): | | 5,834,396 |
| Amount disbursed (as at December 2009) (US \$): | | 1,807,384 |
| ODS to be phased out (ODP tonnes): | | 451.1 |
| ODS phased out (as at December 2009) (ODP tonnes): | | 451.1 |

1. Summary of activities and funds approved by the Executive Committee:

| Summary of activities | | Funds approved (US \$) |
|------------------------------|--|-------------------------------|
| (a) | Investment projects: | 3,154,355 |
| (b) | Institutional strengthening: | 606,313 |
| (c) | Project preparation, technical assistance, training and other non-investment projects: | 2,073,728 |
| | Total: | 5,834,396 |

Progress report

2. For the fifth phase of its institutional strengthening (IS) project, Bangladesh continued its efforts in completing the ongoing CFC, CTC and methyl chloroform consumption phase-out activities including CFC metered-dose inhaler (MDI) phase-out project approved in July 2007. Consultations were held with implementing agencies on activities relating to the development of the HCFC phase-out strategy in line with the targets specified in the schedules. The National Ozone Unit (NOU) has also conducted extensive public awareness and information dissemination activities to facilitate users and stakeholders to access information on ozone layer protection and related non-ODS technologies, in order to enable a smooth implementation of the phase-out programme. The NOU also continued to work with customs and other trade enforcement officials of neighbouring countries for preventing illegal trade of ODSs. They also participated in sub-regional consultations on controlling and monitoring ODS trade with neighbouring countries like India and Bangladesh.

Plan of action

3. The objective of the sixth phase of the IS will be to continue the effective management, monitoring and enforcement of ODS phase-out activities to ensure sustainability of ODS phase-out, to expeditiously complete implementation of the national phase-out management plan (NPP) and the national strategy for transition to CFC-free MDIs, and to complete development and initiate implementation of the HCFC phase-out management plan (HPMP). In this next phase of the IS project, Bangladesh will continue to strengthen and enforce the national regulations and initiatives for ODS trade and consumption control enforcement, specifically focusing on phase-out of CFCs used in MDI applications, monitoring of CFC supply for essential use within the country and phase-out HCFCs as per the targets specified under decision XIX/6 of the Meeting of the Parties.

Islamic Republic of Iran: Renewal of institutional strengthening

| Summary of the project and country profile | |
|--|-----------|
| Implementing Agency: | UNDP |
| Amounts previously approved for institutional strengthening (US \$): | |
| Phase I: Oct-92 | 200,200 |
| Phase II: Nov-97 | 133,470 |
| Phase III: Dec-00 | 133,445 |
| Phase IV: Nov-02 | 172,104 |
| Phase V (year 1): Dec-04 | 85,442 |
| Phase V (year 2): Nov-05 | 86,687 |
| Phase VI (year 1): Nov-06 | 86,690 |
| Phase VI (year 2): Nov-07 | 86,756 |
| Phase VII : Nov-08 | 173,511 |
| Total | 1,158,305 |
| Amount requested for renewal (Phase VIII) (US \$): | 173,511 |
| Amount recommended for approval for Phase VIII (US \$): | 86,756 |
| Agency support costs (US \$): | 6,507 |
| Total cost of institutional strengthening Phase VIII to the Multilateral Fund (US \$): | 93,263 |
| Equivalent amount of CFC phase-out due to institutional strengthening Phase VIII at US \$12.1/kg (ODP tonnes): | n/a |
| Date of approval of country programme: | 1993 |
| ODS consumption reported in country programme (1993) (ODP tonnes): | 5,703.5 |
| Baseline consumption of controlled substances (ODP tonnes): | |
| (a) Annex A Group I (CFCs) (Average 1995-1997) | 4,571.7 |
| (b) Annex A Group II (Halons) (Average 1995-1997) | 1,420 |
| (c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000) | 77 |
| (d) Annex B Group III (Methyl chloroform) (Average 1998-2000) | 8.7 |
| (e) Annex E (Methyl bromide) (Average 1995-1998) | 26.7 |

| | |
|---|--------------|
| Latest reported ODS consumption (2008) (ODP tonnes) as per Article 7: | |
| (a) Annex A Group I (CFCs) | 240.6 |
| (b) Annex A Group II (Halons) | 0 |
| (c) Annex B Group II (Carbon tetrachloride) | 0 |
| (d) Annex B Group III (Methyl chloroform) | 1.5 |
| (e) Annex E (Methyl bromide) | 3.6 |
| (f) Annex C Group I (HCFCs) | 262.9 |
| Total | 508.6 |
| Year of reported country programme implementation data: | 2009 |
| Amount approved for projects (US \$): | 59,870,870 |
| Amount disbursed (as at December 2009) (US \$): | 57,356,232 |
| ODS to be phased out (ODP tonnes): | 7,126.7 |
| ODS phased out (as at December 2009) (ODP tonnes): | 6,816.1 |

4. Summary of activities and funds approved by the Executive Committee:

| Summary of activities | | Funds approved (US \$) |
|------------------------------|--|-------------------------------|
| (a) | Investment projects: | 56,124,887 |
| (b) | Institutional strengthening: | 1,158,305 |
| (c) | Project preparation, technical assistance, training and other non-investment projects: | 2,587,572 |
| | Total: | 59,870,764 |

Progress report

5. For the seventh phase of its IS, Iran (Islamic Republic of) continued its efforts in completion of the ongoing CFC, halon, CTC and methyl chloroform consumption phase-out activities including CFC MDI phase-out project. The Government undertook special efforts to expeditiously implement the remaining project activities relating to CFC and solvent phase-out in the NPP and CFC MDI phase-out projects in close coordination with industry, other Government Ministries and implementing agencies. In addition, consultations were held by Government with implementing agencies on planning activities relating to accelerated HCFC phase-out schedules and a consultative workshop with implementing agencies, industry and other relevant national stakeholders was held to initiate the HPMP preparation. The NOU has also conducted extensive public awareness and information dissemination and activities to facilitate users and stakeholders to access information on ozone layer protection and related non-ODS technologies, in order to enable a smooth implementation of the phase-out programme.

Plan of action

6. The objective of the eighth phase of the IS project will be to continue the effective management, monitoring and enforcement of ODS phase-out activities to ensure sustainability of ODS phase-out, to expeditiously complete implementation of pending activities under the NPP and national strategy for transition to CFC-free MDIs, and to complete development and initiate implementation of the HPMP. In this next phase of the IS project, Iran (Islamic Republic of) will continue to strengthen and enforce the national regulations and initiatives for ODS trade and consumption control enforcement, specifically focusing on phase-out of CFCs used in MDI applications, monitoring of CFC supply for essential use within the country and HCFC phase-out as per the targets specified under decision XIX/6 of the Meeting of the Parties.

Sri Lanka: Renewal of institutional strengthening

| Summary of the project and country profile | | |
|--|---|-----------|
| Implementing Agency: | | UNDP |
| Amounts previously approved for institutional strengthening (US \$): | | |
| | Phase I: Mar-94 | 154,680 |
| | Phase II: Nov-97 | 103,120 |
| | Phase III: Nov-99 | 103,120 |
| | Phase IV: Jul-02 | 134,056 |
| | Phase V: Jul-04 | 134,042 |
| | Phase VI: Nov-06 | 134,056 |
| | Phase VII: Jul-08 | 134,056 |
| | Total | 897,130 |
| Amount requested for renewal (Phase VIII) (US \$): | | 134,056 |
| Amount recommended for approval for Phase VIII (US \$): | | 67,028 |
| Agency support costs (US \$): | | 5,027 |
| Total cost of institutional strengthening Phase VIII to the Multilateral Fund (US \$): | | 72,055 |
| Equivalent amount of CFC phase-out due to institutional strengthening Phase VIII at US \$12.1/kg (ODP tonnes): | | n/a |
| Date of approval of country programme: | | 1994 |
| ODS consumption reported in country programme (1994) (ODP tonnes): | | 223.1 |
| Baseline consumption of controlled substances (ODP tonnes): | | |
| | (a) Annex A Group I (CFCs) (Average 1995-1997) | 445.6 |
| | (b) Annex A Group II (Halons) (Average 1995-1997) | 0 |
| | (c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000) | 35.1 |
| | (d) Annex B Group III (Methyl chloroform) (Average 1998-2000) | 3 |
| | (e) Annex E (Methyl bromide) (Average 1995-1998) | 4.1 |
| Latest reported ODS consumption (2009) (ODP tonnes) as per Article 7: | | |
| | (a) Annex A Group I (CFCs) | 0 |
| | (b) Annex A Group II (Halons) | 0 |
| | (c) Annex B Group II (Carbon tetrachloride) | 0 |
| | (d) Annex B Group III (Methyl chloroform) | 0.1 |
| | (e) Annex E (Methyl bromide) | 0 |
| | (f) Annex C Group I (HCFCs) | 13.4 |
| | Total | 13.5 |
| Year of reported country programme implementation data: | | 2009 |
| Amount approved for projects (US \$): | | 4,362,591 |
| Amount disbursed (as at December 2009) (US \$): | | 3,616,597 |
| ODS to be phased out (ODP tonnes): | | 96 |
| ODS phased out (as at December 2009) (ODP tonnes): | | 91 |

7. Summary of activities and funds approved by the Executive Committee:

| Summary of activities | | Funds approved (US \$) |
|------------------------------|--|-------------------------------|
| (a) | Investment projects: | 761,145 |
| (b) | Institutional strengthening: | 897,130 |
| (c) | Project preparation, technical assistance, training and other non-investment projects: | 2,704,316 |
| | Total: | 4,362,591 |

Progress report

8. For the seventh phase of its IS project, Sri Lanka continued its efforts in completion of the ongoing CFC, halon, CTC and methyl bromide consumption phase-out activities. The Government undertook special efforts to expeditiously implement the remaining activities under the National Compliance Action Plan (NCAP) addressing retrofitting of existing CFC based equipment with CFC free

alternatives and recovery & recycling of CFCs, particularly in the manufacturing and air conditioning sector. In addition, national consultations were held by the Government on HPMP preparation and the survey for HPMP is almost completed. Sri Lanka continued monitoring ODS import and exports for effective control of the supply and consumption of ODS. The NOU also participated in the Open-Ended Working Group (OEWG) meetings and regional network meetings during this period. The NOU has also provided inputs to other countries in the region on expedited implementation of ODS phase-out policies and regulations and IS project management. In addition, the NOU has also conducted extensive public awareness and information dissemination activities to facilitate users and stakeholders to access information on ozone layer protection and related non-ODS technologies, in order to enable a smooth implementation of the phase-out programme.

Plan of action

9. The objective of the eighth phase of IS project will be to continue the effective management, monitoring and enforcement of ODS phase-out measures to sustain ODS phase-out in all substances excluding HCFCs, to expeditiously complete implementation of remaining activities under NCAP, and complete development and initiate implementation of the HPMP. In this next phase of the IS project, Sri Lanka will continue to strengthen and enforce the national regulations to sustain ODS phase-out, implement targeted information through outreach programmes on ODS free alternative technologies especially relating to HCFCs, and implement measures to phase-out HCFCs as per the targets specified under decision XIX/6 of the Meeting of the Parties.

Annex II

VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS OF INSTITUTIONAL STRENGTHENING PROJECTS SUBMITTED TO THE 61st MEETING

Bangladesh

1. The Executive Committee has reviewed the report presented with the request for the renewal of the institutional strengthening project (sixth phase) for Bangladesh and notes with appreciation that the country programme data reported by Bangladesh for the year 2009 to the Multilateral Fund Secretariat is in line with the targets under the Montreal Protocol. The Executive Committee also notes with appreciation the measures put in place by your Government for fast-track implementation of ODS phase-out projects and the cabinet approval of your Government's intention to ratify the Beijing Amendment. The Executive Committee also notes that Bangladesh has taken significant steps to complete implementation of the CFC metered-dose inhaler phase-out project. The Executive Committee is therefore hopeful that, in the next two years, Bangladesh will continue with the implementation of its activities to sustain ODS phase-out with focus on fast-track completion of remaining activities in the national phase-out plan and CFC metered-dose inhaler phase-out project, and institutionalize processes for achieving HCFC phase-out in line with targets specified under Decision XIX/6 of the Meeting of the Parties to the Montreal Protocol.

The Islamic Republic of Iran

2. The Executive Committee has reviewed the information reported for the seventh phase of the institutional strengthening project for the Islamic Republic of Iran and notes with appreciation the fact that the Islamic Republic of Iran has been able to achieve its compliance targets in its Agreement for 2008 and 2009. In its request for renewal, in addition to its successful coordination with implementing agencies in managing and monitoring implementation of phase-out activities, the Islamic Republic of Iran reported a number of initiatives, including full enforcement of import/export licensing system for CFC, expeditious steps to complete implementation of the CFC metered-dose inhaler phase-out project and training of responsible officers from concerned ministries/organizations, supported by the establishment of integrated ODS database management system. It also notes the country's efforts to prepare the HCFC phase-out management plan to achieve HCFC freeze at baseline level by 2013 and 10 per cent reduction compared to baseline level by 2015. The Executive Committee greatly appreciates the effort of the Islamic Republic of Iran to reduce ODS consumption and expresses the expectation that in the next two years, the Islamic Republic of Iran will continue to sustain its ODS phase-out targets including completion of remaining activities under the national phase-out plan and CFC metered-dose inhaler phase-out project and institutionalize processes for achieving HCFC phase-out in line with targets specified under Decision XIX/6 of the Meeting of the Parties to the Montreal Protocol.

Sri Lanka

3. The Executive Committee has reviewed the report presented with the request for the renewal of institutional strengthening (eighth phase) for Sri Lanka and notes with appreciation that Sri Lanka reported zero CFC consumption in 2008 and 2009 to the Ozone Secretariat. The Executive Committee also notes that, within the framework of the institutional strengthening project, Sri Lanka has taken significant steps to phase out its ODS consumption through a number of activities, specifically: implementation of the methyl bromide phase-out project; organizing training workshops and capacity building activities for refrigeration technicians, end-users of CFC based equipment and customs officers in order to assist industry to comply with the phase-out targets for CFCs; controlling imports of CFCs and CFC-based equipment through a licensing system; and, implementation of activities for developing

and implementing the HCFC phase-out management plan for Sri Lanka. The Executive Committee greatly supports Sri Lanka's efforts to reduce the consumption of ODS. The Executive Committee is therefore hopeful that, in the next two years, Sri Lanka will continue with the implementation of its country programme and remaining national phase-out plan activities with outstanding success to sustain ODS phase-out activities and achieve HCFC phase-out line with targets specified under Decision XIX/6 of the Meeting of the Parties to the Montreal Protocol.



**61st Meeting of the Executive Committee of the Multilateral Fund
for the Implementation of the Montreal Protocol**

(05 - 09 July 2010, Montreal, Canada)

**UNDP
AMENDMENT TO 2010 WORK PROGRAMME**

Draft 2.00
19 May 2010

**UNDP
AMENDMENT TO THE 2010 WORK PROGRAMME**

I. EXECUTIVE SUMMARY

UNDP's revised 2010-2011 rolling Business Plan is being submitted for the consideration of the Executive Committee at the 61st meeting in accordance with the decision of the Executive Committee in the 60th meeting.

The present document constitutes the Amendment to UNDP's 2010 Work Programme and is being submitted for consideration of the ExCom at its 61st Meeting. The list of submissions for all funding requests submitted by UNDP to the 61st ExCom Meeting is tabulated in Annex-I to this document. Project proposals such as MYA tranches, HCFC investment and demonstration projects and other individual/investment proposals, are not submitted as part of this document and are submitted separately as per normal practice. Only the following (non-investment) submissions are part of this document as per current practice and all requests are made in accordance with the provisions of the relevant decisions and guidelines of the Executive Committee. Section II provides more details about each of the categories of funding requests below:

Institutional Strengthening Extensions

The requests for funding for extensions of Institutional Strengthening projects are made for six countries, namely, Bangladesh, Colombia, Iran, Malaysia and Sri Lanka.

Preparation funding requests

Two requests are being submitted for preparation funding: one for an ODS disposal demonstration project for India (resubmission) and one for a foam investment project in Jamaica.

Other non-investment activities

UNDP had submitted a request for funding for a global technical assistance activity to the 57th, 59th and 60th ExCom meetings, for resource mobilization for maximizing climate co-benefits. This request is being resubmitted for the consideration of the Executive Committee at its 61st meeting.

II. FUNDING REQUESTS PART OF THE WORK PROGRAMME AMENDMENT

Institutional Strengthening Extensions

Requests for funding of extensions of institutional strengthening projects included in this document for submission at the 61st ExCom Meeting are tabulated below. The relevant concepts/proposals have been submitted separately except that for Colombia IS Renewal Phase VII-Part 2, and Malaysia IS Renewal Phase VIII-Part 2, UNDP is not submitting separated documentation. Indeed, for these two countries, documentation for the complete 24-month-period phases had already been submitted at the 58th Meeting but the projects were only approved for 14 months (Colombia) and 12 months (Malaysia) up to December 2010 in line with Decision 58/16. In view of the subsequent Decision 59/47 (a) that extended

IS funding up to December 2011, the present submission only comprises the remaining months to complete the usual 24-month-phases. In both cases (Colombia IS Phase VII and Malaysia IS Phase VIII) the projects have already started and ongoing satisfactorily.

| Country | Type | Title | Duration (months) | Amount | Agency Fee | Total | Coop Agency |
|--------------------------|------|--|-------------------|----------------|---------------|----------------|-------------|
| Bangladesh | INS | Institutional Strengthening Renewal (Phase-VI) | 24 | 130,000 | 9,750 | 139,750 | NA |
| Colombia* | INS | Institutional Strengthening (Phase VII part 2) | 10 | 114,833 | 8,642 | 123,445 | NA |
| Iran | INS | Institutional Strengthening Renewal (Phase-VIII) | 24 | 173,511 | 13,013 | 186,524 | NA |
| Malaysia* | INS | Institutional Strengthening (Phase-VIII part 2) | 12 | 139,750 | 10,481 | 150,231 | NA |
| Sri Lanka | INS | Institutional Strengthening Renewal (Phase-VIII) | 24 | 134,056 | 10,054 | 144,110 | NA |
| Total: 5 requests | | | | 692,150 | 51,940 | 744,060 | |

* Submitted for additional funding in accordance with ExCom Decision (Document UNEP/OzL.Pro/ExCom/60.L1, Para 66)

Preparation funding requests

Funding requests for preparation of projects are being submitted to the 61st ExCom Meeting are as tabulated below. The relevant concepts/proposals have been submitted separately.

| Country | Type | Title | Duration (months) | Amount | Agency Fee | Total | Cooperating Agency |
|--------------------------|------|--|-------------------|----------------|---------------|----------------|--------------------|
| India | PRP | ODS disposal pilot/demonstration project | 12 | 80,000 | 6,000 | 86,000 | NA |
| Jamaica | PRP | Investment project Foam | 12 | 30,000 | 2,250 | 32,250 | NA |
| Sri Lanka* | PRP | PRP for investment activities for RAC sector | 12 | 60,000 | 4,500 | 64,500 | |
| Total: 3 requests | | | | 170,000 | 12,750 | 182,750 | |

*Transferred from the World Bank

The request for a demonstration project for ODS disposal in India is in response to the Decision XX/7 (2) of the Meeting of Parties (for ODS disposal) and takes into account the stipulations of ExCom Decisions 55/43, 56/16, 57/6 and 58/19 as applicable. The full project proposal as an outcome of this preparation funding request, will demonstrate a sustainable technological, financial and management model for addressing the rapidly growing ODS waste flows in India.

In Jamaica, the country did not report consumption of 141b in its Art 7 reporting in 2007 and 2008. However, during the HPMP preparation process consumption of 141b in the foam sector has been identified, which is being imported as fully formulated systems and which was not detected by Customs and the Ozone Unit. Jamaica will therefore formally inform the Ozone Secretariat about the consumption of 141b in 2007 and 2008 once the HCFC survey has been completed.

Presently, one company has been found to be operational in Jamaica in polyurethane foam sector. It uses HCFC-141b to manufacture spray foam. UNDP is thus requesting 30,000 US\$ for the preparation of 1 investment project in the foam sprayfoam sector for:

- Seal Sprayed Solutions Ltd.

Their HCFC consumption was confirmed by the HPMP survey and by Pumex (Mexico) as being approximately 30 t (in 2008). The company was established in December 2002 and started in operation in 2003. UNDP is currently in the process of finalizing the HCFC survey in Jamaica and additional foam companies may come up. However this is not being considered at this point in time.

Other Non-Investment Activities

Other non-Investment activities are listed in the following table. The Ghana project has also been submitted separately as an individual project, and details on this proposal can therefore be found in these submissions.

| Country | Type | Title | Duration (months) | Amount | Agency Fee | Total | Coop Agency |
|--------------------------|------|---|-------------------|---------|------------|---------|-------------|
| Global | TAS | Resource mobilization for climate co-benefits | 12 | 250,000 | 18,750 | 268,750 | N/A |
| Total: 2 requests | | | | 250,000 | 18,750 | 268,750 | |

The Resource Mobilization for Climate co-benefits is attached as Annex 1.

III. SUMMARY OF FUNDING REQUESTS (WORK PROGRAMME AMENDMENT)

The table below summarizes the funding requests for non-investment activities and proposals, as part of the Amendment to UNDP's Work Programme for 2010, submitted to the 61st ExCom Meeting:

| Country | Type | Description | Amount | Agency Fees | Total |
|--------------------------|-----------|---|------------------|---------------|------------------|
| Bangladesh | SEV - INS | Institutional Strengthening Renewal (Phase-VI) | 130,000 | 9,750 | 139,750 |
| Colombia* | SEV -INS | Institutional Strengthening (Phase VII part 2) | 114,833 | 8,642 | 123,475 |
| Iran | SEV - INS | Institutional Strengthening Renewal (Phase-VIII) | 173,511 | 13,013 | 186,524 |
| Jamaica | PRP | Investment project Foam | 30,000 | 2,250 | 32,250 |
| Malaysia* | SEV - INS | Institutional Strengthening (Phase-VIII part 2) | 139,750 | 10,481 | 150,231 |
| Sri Lanka | SEV - INS | Institutional Strengthening Renewal (Phase-VIII) | 134,056 | 10,054 | 144,110 |
| Sri Lanka** | PRP | PRP for investment activities for RAC sector | 60,000 | 4,500 | 64,500 |
| India | DES - PRP | Preparation of ODS disposal demonstration project | 80,000 | 6,000 | 86,000 |
| Global | SEV- TAS | Resource Mobilization for Climate Co-benefits | 250,000 | 18,750 | 268,750 |
| TOTAL: 9 requests | | | 1,112,150 | 83,440 | 1,195,590 |

* Submitted for additional funding in accordance with ExCom Decision (Document UNEP/OzL.Pro/ExCom/60.L1, Para 66)

**Transferred from the World Bank

ANNEX-I
List of all UNDP Submissions to the 61st ExCom Meeting

| No | Country | Type | Description | Amount | Agency Fee | Total |
|---------------------------|--------------------|-----------|---|------------------|----------------|------------------|
| 1 | Armenia | PHA - INV | HCFC Phase-out Management Plan (Stage I) | 590,000 | 44,250 | 634,250 |
| 2 | Bangladesh | SEV - INS | Institutional Strengthening Renewal (Phase-VI) | 130,000 | 9,750 | 139,750 |
| 3 | Colombia* | INS | Institutional Strengthening (Phase VII part 2) | 114,833 | 8,642 | 123,475 |
| 4 | Dominica | PHA - INV | TPMP (4 th tranche) | 6,000 | 540 | 6,540 |
| 5 | Dominican Republic | FOA - INV | FARCO - Conversion from HCFC-141b in the Manufacture of Polyurethane Rigid Insulation Foam for Commercial Refrigerators | 395,500 | 35,595 | 431,095 |
| 6 | DR Congo | PHA-INV | PNEC (3rd Tranche) | 71,875 | 5,391 | 77,266 |
| 7 | Global | SEV- TAS | Resource Mobilization for Climate Co-benefits | 250,000 | 18,750 | 268,750 |
| 8 | Ghana | PHA-INV | HPMP (1 st Tranche) | 364,826 | 27,362 | 392,188 |
| 9 | Ghana | DES-DEM | Pilot Demo on ODS-Waste Management | 730,388 | 54,779 | 785,167 |
| 10 | India | PRP | ODS disposal pilot/demonstration project | 80,000 | 6,000 | 86,000 |
| 11 | Iran | SEV - INS | Institutional Strengthening Renewal (Phase-VIII) | 173,511 | 13,013 | 186,524 |
| 12 | Jamaica | PRP | Investment project Foam | 30,000 | 2,250 | 32,250 |
| 13 | Malaysia* | SEV - INS | Institutional Strengthening (Phase-VIII part 2) | 139,750 | 10,481 | 150,231 |
| | Mexico | FOA - INV | Phaseout of HCFC-141b in fully formulated systems for rigid and integral Skin PU Foams – Phase-I | 3,624,650 | 271,849 | 3,896,499 |
| 14 | Sierra Leone | PHA - INV | TPMP (2 nd tranche) | 20,000 | 1,800 | 21,800 |
| 15 | Sri Lanka | SEV - INS | Institutional Strengthening Renewal (Phase-VIII) | 134,056 | 10,054 | 144,110 |
| 16 | Sri Lanka** | PRP | PRP for investment activities for RAC sector | 60,000 | 4,500 | 64,500 |
| Total: 16 requests | | | | 6,915,389 | 525,006 | 7,440,395 |

* Submitted for additional funding in accordance with ExCom Decision (Document UNEP/OzL.Pro/ExCom/60.L1, Para 66)

** Transferred from the World Bank

Notes:

1. All amounts in US dollars
2. Special reports due (balances, status reports, etc) not included in this list and submitted separately
3. Joint projects/programmes with UNEP, where UNEP is the lead agency, are submitted by UNEP.

ANNEX 1

Resource Mobilization to Address Climate Benefits

1. Resubmission of an Amended Proposal

In accordance with Executive Committee Decision 59/21, UNDP is resubmitting this proposal for consideration at the 60th Executive Committee meeting. It has been amended to take recent developments into account.

The overall objective of this proposal is for UNDP to explore the different funding solutions and barriers to finance the climate benefits of HCFC phase-out and ODS destruction activities. Specifically, this will focus on non-MLF funding solutions, including such funding sources as GEF, the carbon markets (compliance and voluntary), bilateral donors and private sector partners. In seeking to achieve this objective, UNDP will leverage its experience as a *one-stop-shop* in environmental finance, with the emphasis on efficiently and seamlessly bringing together these different funding sources.

This proposal also relates closely to the ongoing work on a possible Special Funding Facility for Additional Income (SFFAI) under the MLF, still to be discussed and decided by the Executive Committee.

In summary, the activities under this amended proposal are split into two phases:

- *Phase I*, which can commence immediately, will provide concrete, learning-by-doing financing case studies from four distinct pilot project proposals. These case studies will also help identify barriers and potential finance options for climate benefits as they affect on-going HPMP preparation work and ODS destruction project definition. These results will be of value irrespective of the eventual design of any SFFAI.
- *Phase II*, which can commence at a later stage, will involve UNDP collectively analyzing these case studies in the context of any MLF mechanism for resource mobilization. The timing of this phase can align with future developments on any SFFAI.

1.1 Recent Developments

UNDP submitted the last version of this proposal prior to the 59th meeting. In the interim period there have been a number of developments:

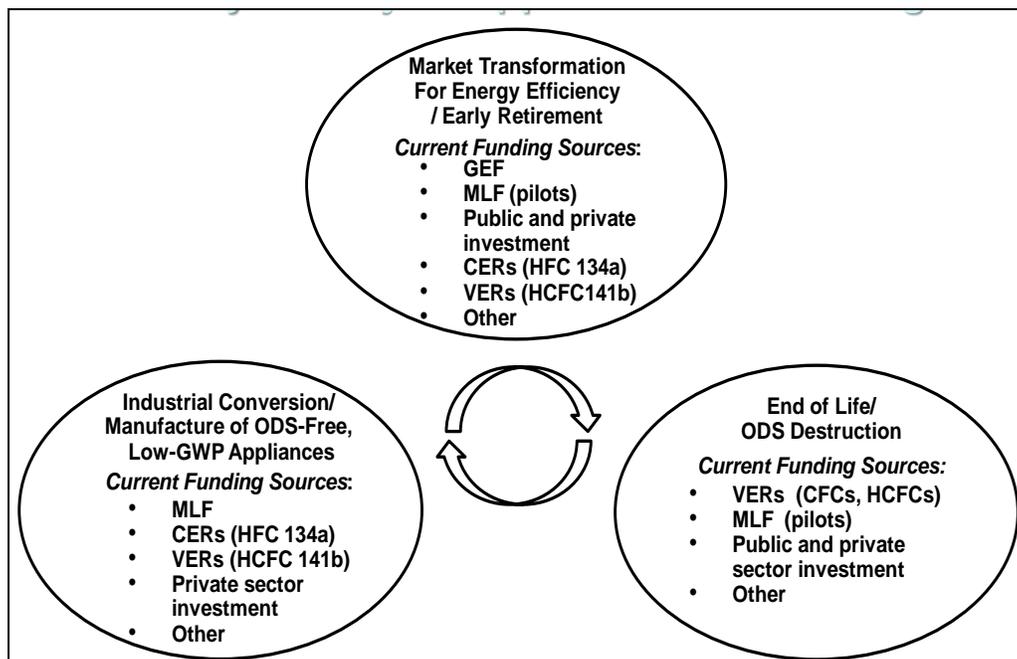
- *Montreal Protocol Meetings*. Recent developments include:
 - The Secretariat's submission at the 59th Meeting of a new report on the SFFAI, further defining the SFFAI's possible role and in particular focusing on implications for UNEP's Treasury role
 - Discussion of the SFFAI at the 59th Meeting of the Executive Committee, with Decision 59/48 requesting a specific agenda item to be included at the 60th Meeting
 - Decision XXI/2 at the Meeting of the Parties, linking ODS destruction to the SFFAI and requesting the Executive Committee's input on the SFFAI at the 30th Meeting of the Open-ended Working Group
- *UNDP Issues Paper*. As part of the Secretariat's report on the SFFAI to the 59th Meeting, UNDP contributed an issues paper, attached as an annex to the report, on the role of the carbon markets with regard to the SFFAI. The issues paper recommended that if the carbon markets were to be pursued as a funding source, the long term objective should be the compliance carbon markets, with the voluntary carbon markets only accessed as an interim step. A number of concerns regarding the voluntary carbon markets were expressed. The issues paper also proposed a possible architecture to access the compliance carbon markets. UNDP presented a side event at the 21st Meeting of the Parties to discuss these findings.
- *UNFCCC Meetings*. A series of UNFCCC meetings in 2009 culminated with the 15th Conference of the Parties in Copenhagen. The outcome on financing for climate change from the COP was mixed. On the

one hand, there were renewed commitments to make new and additional financing available. On the other hand, the details of many financial mechanisms remain to be determined and there is an increasing view that the financing landscape for climate change, for both public and market sources, will be increasingly fragmented going forward.

2. UNDP as a One-Stop-Shop for Financing of Climate Benefits

A central aspect of this proposal is for UNDP to act as a one-stop-shop to bring together different non-MLF funding sources to fully address the costs of climate benefits relating to HCFC phase-out and ODS destruction projects. The following figure illustrates the possible financing sources for life-cycle project opportunities (non exhaustive with focus on Refrigeration & AC sector for illustration purposes).

Figure 2:1 Funding sources for ODS Life-Cycle Opportunities



UNDP is well positioned to draw upon its existing experience with different funding sources. These include:

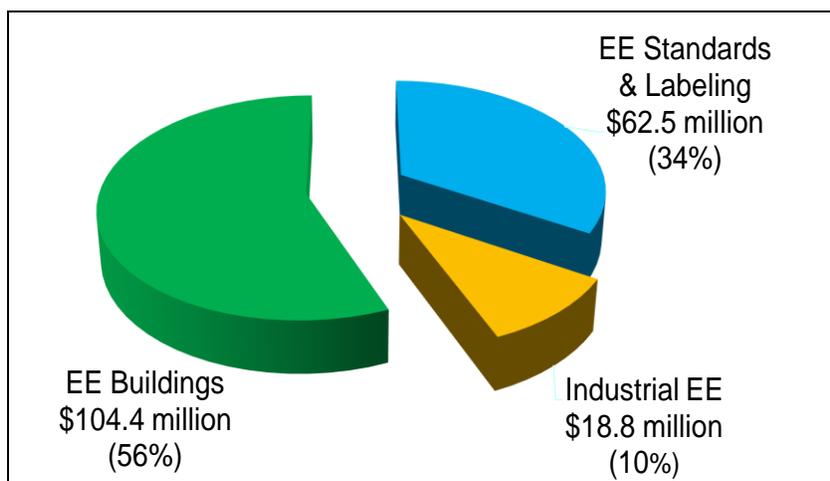
Multilateral Fund:

UNDP has long-standing expertise as an Implementing Agency for the Multilateral Fund since 1991. UNDP's current role as the Lead Agency for HPMPs in a significant number of key Article-5 countries places it in a unique position to identify and develop appropriate projects.

Global Environment Facility (GEF)

UNDP was designated in 1991 as one of the 3 Implementing Agency for the GEF. UNDP has a large portfolio of projects in the area of climate change, totaling over **US\$185 million**. Opportunities exist to do joint activities with ongoing programmes as well as designing new interventions to tap into funding in GEF 5, taking into consideration the GEF 5 climate change focal area objectives as well as the links with POPs, as far as destruction, and dioxins emissions due to incineration/burning.

Figure 2:2 UNDP's portfolio of GEF Energy Efficiency Projects (with links to Refrigeration & AC sector)



Carbon Finance

UNDP has been an active participant in the carbon finance arena since 2005 with established procedures, staff and expertise in place. In terms of direct emission reductions, UNDP is active in the following areas:

- The MDG Carbon Facility, which offers project development services for projects under the Clean Development Mechanism (CDM) and other carbon markets.
- UN REDD, which is pioneering carbon finance in 9 pilot countries in the area of avoided emissions from deforestation. As a new area of carbon finance like ODS, there are a number of similarities between the two which UNDP can use and exchange ideas and lessons learnt.

3. Proposed Activities

3.1. Overview of ODS Project Opportunities

UNDP sees clear opportunities for projects in at least two areas:

1. ODS Bank management and disposal projects – particularly related to the end-of-life management of appliances.
2. Co-financing opportunities in HCFC phase-out where climate co-benefits can be generated and maximized through additional investments for conversion to appropriate technologies.

For example, as mentioned above, there are clear possibilities to use linkages with other programmes (such as but not limited to, the energy efficiency actions under the GEF climate change focal area) to develop projects and leveraging access to the energy gains arising from the replacement of inefficient ODS-based appliances in order to ensure appropriate end-of-life management is achieved. This will tap into country-specific initiatives towards energy savings gains in appliance replacement programmes (e.g. the GEF Market Transformation Programme).

It is recognized that both project areas would be of interest to the Executive Committee of the Multilateral Fund, since the Committee is mandated by MOP Decision XIX/6, at least for HCFC phase-out, to prioritize funding of cost-effective projects and programmes that maximize climate benefits.

3.1. Phase I Activities: Pilot ODS Projects

Under Phase I of the proposed activities, UNDP has identified four different project scenarios, selected for their distinct illustrative value, which could benefit from co-financing of climate co-benefits. For each of these four

areas, UNDP will provide technical assistance for translating these concepts into concrete pilot project proposals, addressing each project type's methodological, structural, commercial and legal aspects. UNDP will then seek to work with project entities to implement these projects. Finally, for each project type, UNDP will evaluate its experience in a detailed case-study report.

The activities under Phase I can commence immediately. Phase I will produce concrete, learning-by-doing case studies at the project level which will be useful for the Montreal Protocol bodies irrespective of the final design of any SFFAI. For the GEF opportunities, UNDP will map existing projects and new opportunities to maximize climate benefits during HPMP preparation as well as destruction projects, in coordination also with GEF, POPs and SAICM activities during GEF 5.

The four different project scenarios are:

- a. An MLF funded project where climate co-benefits can be realized at a cost exceeding \$25 per tonne of CO2 saved.
- b. An HCFC phase-out project in an Article-5 country, which is not eligible for funding by the MLF but could be funded from the proceeds of realizing climate co-benefits.
- c. An Energy Efficiency project (e.g. GEF) in which end-of-life management of ODS would bring incremental ozone and climate benefits. Standards and Label approaches under the GEF will be also looked into, which can bring benefits during HCFC conversion of the manufacturing plants.
- d. A stand-alone bank management/ODS destruction project which could be based on an existing approved methodology for funding of climate co-benefits

For each project scenario UNDP will perform the following activities:

- 1) An analysis of the baseline data, project type and its potential climate benefits.
- 2) Identification of potential stakeholders who may act as the project entity.
- 3) Review of emerging methodologies for assessing CO2 emission reductions in support of the project type and commissioning of new methodologies, where appropriate.
- 4) Review of financing options, including carbon markets, assessing the technical, regulatory and financial risks and cost effectiveness of different options, and identifying potential financing partners
- 5) Preparation of project proposals for each project type
- 6) Evaluation of experiences and preparation of stand-alone case-study reports for each project type
- 7) Bring lessons into the HPMP preparation and implementation activities

As result, UNDP would be in a better position to share knowledge and identify non-MLF finance opportunities that countries may need to fund climate benefits.

3.2 Phase II Activities: Report Analyzing Phase I Pilots in Context of any MLF Mechanism for Resource Mobilization

In Phase II, UNDP will produce a report analyzing the results of the Phase I pilot projects in the context of any MLF mechanism or framework that may arise from these ongoing studies, including any SFFAI. This Phase II report will provide inputs to the design of any such mechanism, covering aspects such as identifying how each of the four pilot project types would fit into such a mechanism, and where likely benefits or challenges would be found, particularly in scaling up such activities under a mechanism. The report would leverage the hands-on experience of the Phase I case-studies, as well as the expertise of UNDP's climate change and environmental finance (GEF, carbon finance) teams which have been involved in establishing a number of climate change and carbon finance financial mechanisms.

4. Resource Requirements

The total costs are estimated as below (all figures in US dollars):

| Cost Head | Phase-I | Phase-II | Total |
|--|------------------|------------------|------------------|
| International Consultant for technical coordination | 45,000 | 0 | 45,000 |
| Four technical experts for analysis/ methodologies and mapping of additional finance opportunities | 169,000 | 0 | 169,000 |
| Travel | 36,000 | 0 | 36,000 |
| Cost recovery for inputs from UNDP | 150,000 | 100,000 | 250,000 |
| Total | \$400,000 | \$100,000 | \$500,000 |
| Matching in-kind co-financing from UNDP(\$50k already provided in 2009) | (150,000) | (100,000) | (250,000) |
| Net MLF Funding Requirement | \$250,000 | 0 | \$250,000 |
| Total Requirement(with support costs | \$268,750 | | \$268,750 |

As set out above, UNDP will be making a matching contribution of in-kind services amounting to US\$250,000 when considering both phases. The inputs from UNDP will cover staff time and costs of its in-house carbon finance and other teams for providing technical services related to analysis and development of methodologies and for developing the structural, commercial, legal and policy elements.

The Phase-I costs of US\$250,000 plus support costs are being requested for consideration at the 60th meeting.