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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL

Fortieth Meeting
Montreal, 16 -18 July 2003

**REVISED RESOURCE ALLOCATION FOR THE 2003-2005 TRIENNIUM
(DECISION 39/5)**

1. In the context of its consideration of financial planning for the 2003-2005 triennium, the Executive Committee decided:

- That the total allocation for the bilateral projects during the triennium, 2003-2005, was US \$47.4 million for planning purposes only, not as an absolute cap on the value of bilateral projects that could be submitted;
- To request contributing Parties that had not submitted an annual business plan for 2003 and/or a three-year business plan to do so prior to the 40th Meeting of the Executive Committee;
- Also to request the Sub-Committee on Monitoring, Evaluation and Finance to consider, at its 20th Meeting, the allocation of any resources from the total bilateral allocation not anticipated to be required by contributing Parties based on the bilateral business plan submitted to the 40th Meeting of the Executive Committee, in view of the compliance requirements of all Article 5 Parties;
- To note that the level of the bilateral allocation planned for the triennium did not limit the right of a party to use up to 20 per cent of its contribution for bilateral projects.

(Decision 39/5, paras. f-i)

2. On 17 April 2003, the Secretariat sent letters to 42 non-Article 5 countries requesting them to submit an annual business plan for 2003 and/or a three-year business plan to the 40th Meeting. As of this writing, 7 June 2003, Canada, the Czech Republic, Germany and Spain submitted business plans and/or amendments to their business plans for the triennium. According to these supplementary submissions, the total value of bilateral activities during the 2003-2005 triennium amounts to US \$24.4 million as shown in Table 1. This would leave a balance of US \$23.4 million from the US \$47.4 million allocation, at the 39th Meeting, for bilateral activities.

Table 1

BILATERAL ACTIVITIES FOR THE 2003-2005 TRIENNIUM

Agency	2003	2004	2005	TOTAL
Canada	923,000	600,000	600,000	2,123,000
Czech Republic	66,090	34,579	34,579	135,248
France	2,500,000			2,500,000
Germany*	3,782,888	3,782,888	3,782,888	11,348,664
Hungary	46,494			46,494
Italy	1,961,184	1,961,184		3,922,368
Japan	218,090			218,090
Slovak Republic	16,523			16,523
Spain	975,597	975,597	975,597	2,926,791
Sweden	395,641	229,189	55,975	680,805
United Kingdom	500,000			500,000
Total	11,385,507	7,583,437	5,449,039	24,417,983

* Germany's allocation is limited to its 20 per cent contribution per year.

Additional bilateral activities since 39th Meeting

3. This section addresses the additional bilateral activities indicated by Governments since the 39th Meeting when 2003-2005 business plans were submitted and considered by the Executive Committee.

Canada

4. The Government of Canada provided an amendment to its business plan that was submitted to the 39th Meeting. It indicated that it planned to participate in the Terminal Phase-out Management Plan (TPMP) for Cuba, in collaboration with Germany and France. The TPMP will be submitted in 2004. Germany will be the lead implementing agency. Canada has allocated US \$600,000 for 2004 and 2005 for this planned multi-year project.

Czech Republic

5. The Government of the Czech Republic also amended its business plan that was submitted to the 39th Meeting. It plans to provide financing to UNEP for the Eastern European Network in 2004 and 2005 in the amount of US \$34,579 each year. The Executive Committee approved bilateral cooperation for the Czech Republic, Hungary, the Slovak Republic for the 2003 Eastern European Network, but also requested UNEP to submit to the 41st Meeting of the Executive Committee a revised budget, based on experience, with a view towards the possible incorporation of the project within a rationalized CAP for the year 2004 (Decision 39/28, para. b). The Secretariat wrote to UNEP to determine if the Czech Republic had been informed of Decision 39/28 that may have an impact on its planned business plan activities in 2004 and 2005. UNEP indicated that it would inform the Czech Republic of this possibility.

Germany

6. The Government of Germany submitted a revised business plan to the 40th Meeting, reflecting the amounts approved at the 39th Meeting; revising the costs of some activities; and replacing other activities with new ones.

7. The value for three activities was changed to reflect the value approved for them at the 39th Meeting (e.g. the values of the approved RMP for Angola is revised upward from US \$500,000 to US \$787,000, the value of the RMP update preparation for Botswana was revised upward from US \$15,000 to US \$17,000, and the value of the TPMP for Papua New Guinea was revised downward from US \$920,000 to US \$539,700 in 2003 with US \$247,300 in 2006).

8. In addition, the values for the following projects were increased in the revised business plan:

- The CFC phase-out project in Algeria increased from US \$1.2 million to US \$1.5 million during the triennium but Germany indicated that it would be submitted in 2004 instead of 2003; however it should be noted that UNIDO plans to

submit RMP activities in Algeria with of value of US \$753,000 in 2003 and US \$538,000 in 2004.

- The approved multi-year CFC phase-out project in Brazil increased for the years 2004 and 2005 from US \$600,000 each year to US \$800,000 each year.
 - The TPMP in Cuba increased from US \$200,000 in 2003 and 2004 to US \$2.2 million in 2004 and 2005.
9. The following project was removed from Germany's business plan:
- Halon bank activities in Kenya that was valued at US \$327,000.
10. The values for the following projects were decreased in the revised business plan:
- The methyl bromide sector plan in China was decreased by US \$150,000 from the US \$1.4 million previously mentioned and Germany indicated that 110 ODP tonnes would be approved for phase-out in 2003; however, it should be noted that UNIDO is also planning a methyl bromide phase-out plan in China with a value of US \$2.7 million in 2003 and 2004, US \$1.6 million in 2005, and US \$7 million after 2005.
 - The foam sector strategy in Iran was decreased from US \$3.3 million during the triennium to US \$3.032 million.
 - The solvent sector project in Kenya was decreased from US \$120,000 to US \$97,000.
 - The TPMP for Papua New Guinea was adjusted from US \$920,000 to reflect the approved US \$787,000 (at the 39th Meeting).
 - The methyl bromide project in Yemen was decreased from US \$1 million to US \$820,000.
11. The values for the following projects were added in the revised business plan:
- RMP update activities for Ethiopia amounting to US \$86,000 in 2004.
 - An TPMP for Lebanon valued at US \$800,000 to be submitted for funding in 2003 and 2004.
 - RMP update activities for Mozambique amounting to US \$112,000 in 2004.
 - An TPMP for Panama for US \$800,000 in 2004 and 2005.
12. It should be noted however that UNDP has a total CFC phase-out plan for Lebanon in its business plan amounting to US \$229,000 in 2004 and US \$153,000 in 2005 and France has

US \$200,000 for a chiller project in its business plan. UNDP has submitted an RMP update preparation to the 40th Meeting for Panama and has US \$1.1 million in its business plan for RMP activities in Panama.

13. The total value of the activities included in Germany's revised business plan is US \$19,207,120 while 20 per cent of Germany's contribution during the triennium is US \$11,348,664. Therefore, the value indicated in Germany's business plan exceeds the eligible level Germany's bilateral activities by almost US \$7.9 million. Moreover, Germany included additional activities in a contingency plan amounting to US \$3.6 million.

14. The Secretariat requested Germany to modify its business plan to stay within 20 per cent of its contributions during the triennium.

15. There also appears to be some duplication in Germany's business plan with implementing agencies. The Secretariat is pursuing the matter with the Government of Germany and will advise the Sub-Committee, accordingly.

Spain

16. The Government of Spain submitted a business plan for its first bilateral activities under the Multilateral Fund. The Government indicated that it planned to fund methyl bromide activities in Mexico for implementation by UNIDO with its 20 per cent contribution for the triennium (US \$975,597 per year and a total of US \$2,926,791) for the triennium.

17. It should be noted that UNIDO included US \$1,075,000 in its 2003-2005 business plan for the methyl bromide activity in Mexico to phase out 100 ODP tonnes. UNIDO indicated that the balance of the project, US \$2,688,000 would be submitted after 2005 to phase-out 250 ODP tonnes of methyl bromide in Mexico. According to the 3-year phase-out plan, Mexico needs to phase-out 226.2 ODP tonnes to achieve the 2005 control measure for a 20 per cent reduction in the methyl bromide baseline (UNEP/OzL.Pro/ExCom/38/58).

18. UNIDO received project preparation funds to prepare a methyl bromide investment project for Mexico at the 39th Meeting. UNIDO indicated that it still plans to submit the methyl bromide project in Mexico at the levels it indicated in its business plan. It also indicated that for 2004 and beyond, the Spanish contribution would be accommodated as best possible once a phase-out plan is prepared and approved by the Executive Committee.

Comments

19. Following the submissions to the 40th Meeting, there is US \$23.4 million that was not allocated in business plans of bilateral agencies. These funds might be allocated to a funding window for maintaining momentum and accelerating ODS phase-out in Article 5 countries where there is no phase-out requirements in the three-year phase-out plan. This could enable such countries to receive funding in 2003 instead of having to wait until 2004 when there will be an assessment of whether or not any funds can be made available for maintaining momentum and/or accelerating ODS phase-out.

Recommendations

The Monitoring, Evaluation and Finance Sub-Committee may wish to consider recommending to the Executive Committee:

1. To note with appreciation the 2003-2005 business plan letter submitted by the Government of Spain and the amendments to the 2003-2005 business plans of Canada, the Czech Republic, and Germany as contained in UNEP/OzL.Pro/ExCom/40/11.
2. To redeploy US \$23.4 million from the bilateral allocation to a funding window for maintaining momentum and accelerating ODS phase-out.
