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**UNEP**

**Annual Progress and Financial Report**

**1 January – 31 December 2016**

Presented to the

79th Meeting of the Executive Committee

of the Multilateral Fund for the Implementation

of the Montreal Protocol

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United Nations Environment Programme

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**Introduction**

UN Environment (UNEP) is submitting this Annual Financial and Progress Report (APR) covering the period 1 January to 31 December 2016 for the consideration of the 79th meeting of the Executive Committee of the Multilateral Fund.

UNEP followed the Multilateral Fund’s *Revised Operational Guidelines for Progress and Financial Reporting,*[[1]](#footnote-1) as well as guidance received during the first Inter-Agency Coordination Meeting of 2017 (19-24 February) when developing this APR.

This APR details project implementation assistance UNEP provided to developing countries operating under Article 5 of the Montreal Protocol (“Article 5 countries”) in accordance with UNEP’s 2015-2017 Business Plan, which was endorsed by the 73rd meeting of the Executive Committee.[[2]](#footnote-2)

The focus and orientation of UNEP’s work in 2016 continued to be defined by the evolving needs of Article 5 countries as they progress in their implementation of the Montreal Protocol, and as they meet and sustain compliance with specific obligations. UNEP met its Business Plan objectives by following three parallel tracks of assistance for Article 5 countries:

* Track 1: Support Article 5 countries to implement responsibilities related to HCFC phase out, expeditiously meet the 2015 HCFC control measures and prepare for 2020 and beyond.
* Track 2: Foster strong partnerships in Article 5 countries to ensure sustainable compliance of phase-out targets already met.
* Track 3: Awareness, knowledge-sharing and capacity building services that promote substitutes, and alternatives to ODS that maximize safety and minimize the impact on the environment in support of Decision XIX/6.

UNEP delivered its Business Plan through project-related services at the global, regional and national levels, including new and ongoing projects related to HPMP preparation and implementation, Institutional Strengthening, and various other training and technical assistance projects.

UNEP offered assistance to a majority of Article 5 countries to achieve sustained compliance.

UNEP prioritize and delivered assistance on the basis of countries’ differentiated needs and priorities. In conformity with its mandate, UNEP dedicated most of its resources to addressing specific problems of low volume consuming countries (LVCs) and very low volume consuming countries (VLVCs). UNEP complemented, supported and backstopped the work of the other Implementing and bilateral Agencies in areas of its comparative advantage and expertise whenever opportune and agreed upon with the agencies concerned.

In 2016, UNEP in cooperation with the other Implementing and Bilateral Agencies provided significant advisory and project implementation support to Article 5 countries that resulted in an overall high note of compliance with the Montreal Protocol and its Amendments by those countries.

UNEP has previously presented to the 77th meeting of the Executive Committee a partial CAP Progress Report for the period October 2015‐ July 2016 as part of its 2017 Compliance Assistance Programme (CAP) budget request.[[3]](#footnote-3) UNEP will present the details of the balance support provided by CAP in 2016 (i.e. August-December) to the 80th Meeting of the Executive Committee as part of UNEP’s 2018 CAP Work Programme and Budget request.

# **I. Project Approvals and Disbursements**

## **A. Annual Summary Data**

From June 1991 until the end of December 2016, the Executive Committee approved 2088 projects for implementation by UNEP. The total funding approved for UNEP was US$ 307,791,779 including programme support costs (PSC), which represents about 9% of the total funding allocation to date approved by the Multilateral Fund for all Implementing Agencies and bilateral agencies. Of these projects, 750 were time-sensitive Institutional Strengthening (IS) projects and 1338 were objective-sensitive projects.

During 2016, the Executive Committee approved 97 new projects for UNEP to implement, including the 2016 CAP budget. The total value of those approvals was US$ 21,007,282 plus PSC of US$ 1,597,814.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type | Code | Number approved 1991-2015 | Number approved 2016 | Total |
| Country Programmes | CPG | 95 | 0 | 95 |
| Demonstration | DEM | 2 | 2 | 4 |
| Institutional Strengthening | INS | 709 | 41 | 750 |
| Investment project | INV | 1 | 0 | 1 |
| Project preparation | PRP | 196 | 0 | 196 |
| Technical assistance | TAS | 792 | 54 | 846 |
| Training | TRA | 196 | 0 | 196 |
| **Total** |  | 1991 | 97 | 2088 |

Annex 1: Annual Summary provides details.

## **B. Interest**

The interest accrued from 1991-2016 was US$ 10,150,370 as follows:

|  |  |
| --- | --- |
| Year | Interest (US$) |
| 1991-2015 | 9,906,150 |
| 2016 | 261,449.16 |
| Total | 10,167,599.16 |

## **C.** **Summary Data by Type (CPG, DEM, INS, INV, PRP, TAS, TRA)**

The 97 projects that the Executive Committee approved in 2016 for UNEP implementation at the level of US$ 21,007,282 plus PSC of US$1,597,814. Of those, 41 were time-sensitive IS projects and 56 were objective-sensitive activities comprising:

|  |  |  |
| --- | --- | --- |
| Type | Code | Number |
| Institutional Strengthening | INS | 41 |
| Investment project | INV | 0 |
| Project preparation | PRP | 0 |
| Technical assistance | TAS | 56 |
| Total |  | 97 |

See Annex 1: Summary Data by Projects Type.

## **D. Multi-year Agreements**

From June 1991 until the end of December 2016, the Executive Committee has approved a cumulative 572 MYAs (PHA) for implementation by UNEP. The total funding approved for UNEP for MYAs during this period was US$ 48,417,525 plus adjustments excluding programme support costs (PSC). UNEP has received a total of US$ 283,615,263 out of which US$ 232,277,846 has been disbursed (i.e. 81.89%).

## **E. Sector Phase-Out by Country**

N/A

# **II. Project Completions Since Last Report**

## **A. ODP Phased Out Since Last Report**

UNEP only implements non-investment projects (i.e. capacity building and technical assistance). Due to the nature of these projects, the directly associated ODP phase out is either zero or small according to the approved projects. The cumulative ODP phase-out achieved as a result of all completed UNEP projects to date is 1,550.9 ODP tonnes.

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Amount phased out  1991-2015 (ODP tonnes) | Amount phased out  2016 (ODP tonnes) | Total |
| INS | 145.0 | 0.0 | 145.0 |
| TAS | 658.1 | 0.0 | 658.1 |
| TRA | 747.8 | 0.0 | 747.8 |
|  | 1,550.9 | 0.0 | 1,550.9 |

## **B. Non-Investment Project Completions Since Last Report**

During 2016, UNEP completed 55 projects as follows for a total value of US$ 5,450,434 excluding PSC:

|  |  |  |
| --- | --- | --- |
| Type | Code | Number |
| Institutional Strengthening | INS | 18 |
| Technical assistance | TAS | 33 |
| Training | TRA | 0 |
| Country Programmes | CPG | 0 |
| Project preparation | PRP | 3 |
| Demonstration | DEM | 1 |
| Total |  | 55 |

The completion of projects by region was as follows:

| Region | Number |
| --- | --- |
| Africa | 17 |
| Asia and the Pacific | 23 |
| Europe and Central Asia | 2 |
| Latin America and the Caribbean | 9 |
| West Asia | 4 |
| Total | 55 |

See Annex II, Completed Non-Investment Projects for details.

**III. Global and Regional Project Highlights**

## **(a) Global Projects**

During this APR reporting period, UNEP implemented 2 global projects:

Compliance Assistance Programme: 2015 (GLO/SEV/73/TAS/323)

Compliance Assistance Programme: 2016 (GLO/SEV/75/TAS/329)

## **(b) Regional Projects**

During this APR reporting period, UNEP implemented 12 regional projects:

|  |  |
| --- | --- |
| ASP/PHA/74/TAS/58 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche) |
| CKI/PHA/74/TAS/11 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Cook Islands) |
| FSM/PHA/74/TAS/10 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Federated States of Micronesia) |
| KIR/PHA/74/TAS/11 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Kiribati) |
| NIU/PHA/74/TAS/10 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Niue) |
| SAM/PHA/74/TAS/18 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Samoa) |
| SOI/PHA/74/TAS/11 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Solomon Islands) |
| TON/PHA/74/TAS/10 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Tonga) |
| TTR/PHA/74/TAS/10 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Palau) |
| TUV/PHA/74/TAS/11 | HCFC phase-out management plan for PIC countries through regional approach (stage I, second tranche, Tuvalu) |
| GLO/REF/76/DEM/334 | Demonstration project on refrigerant quality, containment and introduction of low-global warming potential alternatives (Eastern Africa and Caribbean regions) |
| ASP/REF/76/DEM/59 | Promoting alternative refrigerants in air-conditioning for high ambient countries in West Asia (PRAHA-II) |

# **IV. Performance Indicators**

1. **Agency Business Plan Performance Goals**

Through decision 73/30, the Executive Committee adopted the following performance indicators for UNEP for 2016:[[4]](#footnote-4)

| Type of indicator | Short title | Calculation | 2016 target | UNEP assessment of 2016 results achieved |
| --- | --- | --- | --- | --- |
| Planning--Approval | Tranches approved | Number of tranches approved vs. those planned\* | 74 | 46 |
| Planning--Approval | Projects/activities  approved | Number of projects/activities approved vs. those  planned (including project preparation activities)\*\* | 59 | 51 |
| Implementation | Funds disbursed | Based on estimated disbursement in progress report | US$ 14,887,387 | US$  13,722,793.58 (with PSC)  US$ 12,132,235.01 disbursements without PSC) |
| Implementation | ODS phase-out | ODS phase-out for the tranche when the next tranche is  approved vs. those planned per business plans | 69,86ODP | 0 ODP |
| Implementation | Project completion for  activities | Project completion vs. planned in progress reports for  all activities (excluding project preparation) | 119 | 116 |
| Administrative | Speed of financial  completion | The extent to which projects are financially completed  12 months after project completion | 14 | 14 |
| Administrative | Timely submission of  project completion  reports | Timely submission of project completion reports vs.  those agreed | Yes | Yes |
| Administrative | Timely submission of  progress reports | Timely submission of progress reports and business  plans and responses unless otherwise agreed | Yes | Yes |

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

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

## **(b) Cumulative Completed Investment Projects**

Not applicable to UNEP.

## **(c) Cumulated Completed Non-Investment Projects**

UNEP has completed a total of 55 non-investment projects excluding project preparation assistance. Of the total amount of US$ 5,164,834 approved 69.5% has been disbursed. It took an average 6 months from first approval and 36 months from approval to completion. The breakdown and details are provided in the Annexes.

## **(d) Cumulative Ongoing Investment Projects**

Not applicable to UNEP.

## **(e) Cumulative Ongoing Non-Investment Projects**

UNEP has 430 ongoing non-investment projects excluding project preparation assistance. Of the total amount of US$ 69,671,689, approved 32.3 % has been disbursed. It took an average of 6 months from approval for the first disbursement. The average number of months from approval to planed completion is 32 months. The breakdown and details are provided in the Annexes.

# **V. Status of Agreements and Project Preparation (where applicable), by country**

## **(a) Agreements to be signed/executed/finalized and when they will be ready for disbursing**

In 2016, UNEP assisted the following 41 countries with the preparation and submission of their IS renewal requests, and then with the establishment of agreements for the project implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| Angola | Cape Verde | Seychelles | Tonga |
| Burkina Faso | Chad | Sierra Leone | Palau |
| Djibouti | Cameroon | Sudan | Niue |
| Equatorial Guinea | Comoros | Afghanistan | Guyana |
| Guinea | Gabon | Bhutan | Barbados |
| Kenya | Liberia | Cambodia | Grenada |
| Mali | Niger | Mongolia | Haiti |
| Zimbabwe | Congo | Philippines | Honduras |
| Burundi | Rwanda | Samoa | Jamaica |
| Benin | Senegal | Solomon Islands | Nicaragua |

These renewals represents 38% of all of the IS projects in UNEP’s project portfolio:

|  |  |  |
| --- | --- | --- |
| Region | Total number of countries assisted by UNEP for IS | Number of IS renewals approved in 2016 |
| Africa | 47 | 17 |
| Asia Pacific | 26 | 12 |
| West Asia | 5 | 3 |
| Europe & Central Asia | 5 | 3 |
| Latin America & Caribbean | 23 | 6 |
| Total | 106 | 41 |

## **(b) Project Preparation by country, approved amount, and amount disbursed**

UNEP has 4 completed project preparation activities totaling US$ 315,600, of which 24.6% has been disbursed. It took an average 6 months from first approval and 36 months from approval to completion. As of 31 December 2016, UNEP also has 11 ongoing project preparation activities totaling US$ 372,000, of which 15.4 % has been disbursed.

# **VI. Administrative Issues (Operational, Policy, Financial, and Other Issues)**

1. **Meetings Attended**

UNEP participated in the following global Montreal Protocol meetings in 2016:

| Meeting | Date and venue |
| --- | --- |
| 1st Inter-Agency Coordination meeting | 29 February – 4 March, Montreal |
| 76th Executive Committee meeting | 9-13 May 2016, Montreal |
| 37th Open-Ended Working Group meeting | 4-8 April, Geneva |
| Resumed 37th Open-Ended Working Group meeting | 15-16 July, Vienna |
| 38th Open-Ended Working Group meeting | 18-21 July, Vienna |
| 3rd Extraordinary Meeting of the Parties to the Montreal Protocol | 22-23 July, Vienna |
| 56th Implementation Committee meeting | 24 July, Vienna |
| 2nd Inter-Agency Coordination meeting | 31 August – 1 September, Montreal |
| Resumed 38th Open-Ended Working Group meeting | 8 October, Kigali |
| 57th Implementation Committee meeting | 9 October, Kigali |
| 28th Meeting of the Parties to the Montreal Protocol | 10-14 October, Kigali |
| 77th Executive Committee meeting | 28 November – 2 December, Montreal |

UNEP will provide an update of the regional/national meetings in which it participated in 2016, as well as meetings organized by CAP itself, in the 2018 CAP Work Programme and Budget which is being submitted to the 80th meeting of the Executive Committee.

1. **Implementing Agency and Other Co-operation**

UNEP’s work under the Multilateral Fund is performed in close cooperation and coordination with the Multilateral Fund Secretariat, Ozone Secretariat, the other Implementing Agencies (UNDP, UNIDO, World Bank), bilateral agencies, and other partners at the international, regional and national levels.

Regional Network meetings. UNEP invited the Multilateral Fund Secretariat, Ozone Secretariat, and other Implementing Agencies to all of the main meetings of the Regional Networks of Ozone Officers. This action facilitated the work of the Secretariats and agencies by providing a convenient platform for conveying their key messages to Article 5 countries in a given region, easy access to Ozone Officers and partners for bilateral discussions on compliance issues, and opportunities to discuss and advance their agency’s project preparation and implementation activities.

HPMP implementation. UNEP implements many of its projects on the ground in countries jointly with other Implementing Agencies, where each agency co-implements complementary parts of a single project. For example, in 2016 UNEP was the Lead Agency for the HPMP implementation for 72 Article 5 countries, and the Cooperating Agency for the HPMPs of 30 countries. UNEP cooperated with UNIDO 52 countries, UNDP 27 countries, Germany 1 country and Japan 1 country for HPMP implementation.

1. **Other Issues**

No issues.

# **Annex I: Country Developments**

## **A. Highlights of projects and activities (other than IS)**

## **B. Institutional strengthening**

UNEP assisted the following 106 countries with the implementation of their IS projects in 2016:

|  |  |  |
| --- | --- | --- |
| Afghanistan | Fiji | Niger |
| Albania | Gabon | Niue |
| Algeria | Gambia | Palau |
| Angola | Grenada | Panama |
| Antigua and Barbuda | Guatemala | Paraguay |
| Bahamas | Guinea | Peru |
| Bahrain | Guinea-Bissau | Philippines |
| Barbados | Guyana | Republic of Moldova |
| Belize | Haiti | Rwanda |
| Benin | Honduras | Saint Kitts and Nevis |
| Bhutan | Iraq | Saint Lucia |
| Bolivia | Jamaica | Saint Vincent and the Grenadines |
| Botswana | Kenya | Samoa |
| Brunei Darussalam | Kiribati | Sao Tome and Principe |
| Burkina Faso | Kuwait | Saudi Arabia |
| Burundi | Kyrgyzstan | Senegal |
| Cambodia | Lao People's Democratic Republic | Seychelles |
| Cameroon | Lesotho | Sierra Leone |
| Cape Verde | Liberia | Solomon Islands |
| Central African Republic | Madagascar | Somalia |
| Chad | Malawi | South Sudan |
| Comoros | Maldives | Sudan |
| Congo | Mali | Suriname |
| Cook Islands | Marshall Islands | Swaziland |
| Cote d'Ivoire | Mauritania | Tanzania |
| Croatia | Mauritius | Timor Leste |
| DPR Korea | Micronesia FS | Togo |
| DR Congo | Mongolia | Tonga |
| Djibouti | Morocco | Tuvalu |
| Dominica | Mozambique | Uganda |
| Dominican Republic | Myanmar | Vanuatu |
| Ecuador | Namibia | Vietnam |
| El Salvador. Equatorial Guinea | Nauru | Yemen |
| Eritrea | Nepal | Zambia |
| Ethiopia | Nicaragua | Zimbabwe |

There has been turnover of Ozone Officers in some countries and some political instability in other countries which impacted the progress of implementation.

## **C. Activities that were provided by UNEP from its administrative costs**

As per the approved 2016 CAP Work Programme and Budget, UNEP funded two posts from programme support costs in 2016 to provide administrative and financial support for the programme:

* Monitoring & Administration Officer, P3 (budget line 1104)
* Assistant Monitoring & Administration, G6 (budget line 1304).

## **D. Activities conducted by UNEP to assist other agencies**

Implementing joint activities with partner implementing agencies proved to be cost effective and strategic in meeting country and regional needs. Several examples are highlighted below:

* HPMP Lead Agency. In its role as Lead Agency for HPMPs, UNEP coordinated with and supported the activities of the Cooperating Agencies for project preparation, reporting and liaison with the National Ozone Unit and Multilateral Fund Secretariat.
* Joint missions to Article 5 countries. UNEP undertook a number of joint field missions with sister agencies UNDP and UNIDO for HPMPs implementation activities and addressing specific compliance issues. Such missions resulted in enhanced and coordinated delivery of services at the national level.
* Non-investment support in Article 5 countries where UNEP is not the Lead Agency: Upon request of the NOU or Implementing Agency, UNEP provided substantive non-investment services in several countries even though it does not have a project or Lead Agency role in that country.

1. MLF/IACM.2014/1/11. Third Revision, 24 February 2014. [↑](#footnote-ref-1)
2. UNEP/OzL.Pro/ExCom/73/21. [↑](#footnote-ref-2)
3. UNEP/OzL.Pro/ExCom/77/32. [↑](#footnote-ref-3)
4. UNEP/OzL.Pro/ExCom/73/62, Annex VII. [↑](#footnote-ref-4)