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

Montreal, 2-6 November 2020

Postponed to 8-12 March 2021[[1]](#footnote-1)

UNIDO BUSINESS PLAN FOR 2021–2023

# This document presents the UNIDO business plan for 2021–2023[[2]](#footnote-2) and includes: the planned activities for the phase-out of controlled substances under the Montreal Protocol (controlled substances) during the 2021–2023 period; the business plan performance indicators; and a recommendation for consideration by the Executive Committee. The narrative of UNIDO’s business plan for 2021–2023 is attached to the present document.

**Planned activities during the 2021–2023 period**

# Table 1 sets out, by year, the value of activities included in UNIDO’s business plan.

**Table 1. Resource allocation in the UNIDO business plan for 2021–2023 as submitted (US $000s)\***

| **Description** | **2021** | **2022** | **2023** | **Total (2021–2023)** | **Total after 2023** |
| --- | --- | --- | --- | --- | --- |
| **HCFC activities** |
| Approved HCFC phase-out management plans (HPMPs) | 25,746 | 6,825 | 15,085 | 47,656 | 31,580 |
| HPMP project preparation (PRP) – stage II | 0 | 76 | 0 | 76 | 0 |
| HPMP stage II  | 10,997 | 2,537 | 10,000 | 23,535 | 37,362 |
| HPMP PRP – stage III | 268 | 96 | 43 | 407 | 0 |
| HPMP stage III | 3,376 | 10,699 | 4,391 | 18,467 | 32,633 |
| HCFC technical assistance | 482 | 0 | 0 | 482 | 0 |
|  **HCFC activities subtotal** | **40,869** | **20,234** | **29,519** | **90,622** | **101,574** |
| **HFC activities** |
| HFC – investment | 3,531 | 0 | 0 | 3,531 |  0 |
| HFC phase-down plan – PRP | 2,009 | 1,148 | 0 | 3,157 |  0 |
|  **HFC activities subtotal** | **5,540** | **1,148** | **0** | **6,688** | **0** |
| **Standard activities** |
| Institutional strengthening (IS) | 848 | 1,819 | 848 | 3,514 |  0 |
| Core unit | 2,128 | 2,143 | 2,158 | 6,429 |  0 |
|  **Standard activities subtotal** | **2,976** | **3,962** | **3,006** | **9,943** | **0** |
| **Total** | **49,385** | **25,343** | **32,525** | **107,253** | **101,574** |

\* Including agency support costs where applicable.

# **Secretariat’s comments**

# Stage II of HPMPs

# The total levels of funding for stage II of HPMPs in low-volume-consuming (LVC) countries to meet the 67.5 per cent reduction of the HCFC baseline amount to US $3.83 million (including US $3.1 million for 2021–2023), and to US $588,479 including (US $257,902 for 2021–2023) to meet 100 per cent reduction.

# The funding distribution of stage II of HPMPs for non-LVC countries by sector is provided in Table 2.

**Table 2. Funding distribution of stage II of HPMPs in non-LVC countries by sector (US $000)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sector** | **2021–2023** | **After 2023** | **Total** | **Per cent of total (%)** |
| Rigid foam  | 2,536 | 605 | 3,141 | 5.6 |
| Refrigeration air-conditioning | 1,739 | 0 | 1,739 | 3.1 |
| Refrigeration assembly | 840 | 0 | 840 | 1.5 |
| Refrigeration manufacturing | 5,017 | 25,738 | 30,755 | 54.5 |
| Refrigeration servicing | 10,040 | 9,962 | 20,002 | 35.4 |
| **Total** | **20,172** | **36,305** | **56,477** | **100.0** |

# Stage III of HPMPs

# A total of US $51.1 million is included in the business plan for stage III of HPMPs for 11 countries (Armenia, Argentina, Brazil, Chile, Jordan, Mexico, Nigeria, Oman, Pakistan, the Philippines, and the Sudan) (including US $18.47 million for 2021–2023). Inclusion of stage III of HPMPs in the business plan is allowed only for those countries with an approved stage II of HPMPs with reduction targets below the 2025 compliance targets (decision 84/46(e)).

HCFC technical assistance regional project

# UNIDO has included one HCFC technical assistance regional project for “promoting low-global warming potential refrigerants for air-conditioning sectors in high ambient temperature countries (PRAHA‑III),” amounting to US $481,500 in 2021. No funding window for such demonstration project is available.

HFC-related activities

# HFC activities include three investment activities amounting to US $3.53 million in 2021 for three countries (Egypt, India and the Sudan) and HFC phase-down plan preparation[[3]](#footnote-3) for 25 countries amounting to US $3.16 million in 2021 and 2022.

# The HFC investment projects in Egypt and the Sudan were included in the business plan pursuant to decision 78/3(g); the request for project preparation for the Sudan has been submitted to the 86th meeting. The HFC investment project in India is not for the manufacturing sector and therefore, not eligible pursuant to decision 78/3(g).

# Seventeen of the 25 countries for which preparation activities for HFC phase-down have been included have not ratified the Kigali Amendment, but have submitted the required letter from their Government indicating their intent to make best efforts to ratify the Amendment.

# Core unit costs

# The core unit cost[[4]](#footnote-4) in 2021 is expected to increase at 5.2 per cent over the 2020 funding level, which is above the agreed level of increase of 0.7 per cent.

**Proposed adjustments by the Secretariat**

# The adjustments to the UNIDO business plan for 2021–2023 were based on relevant decisions of the Executive Committee. Further adjustments may be required pending a decision by the Parties on the level of the replenishment of the Multilateral Fund for the 2021–2023 triennium.[[5]](#footnote-5)

# In reviewing the revised UNIDO business plan for 2021–2023, the Secretariat noted that the following adjustments were not included:

**Table 3. Adjustments to the UNIDO business plan for 2021–2023 (US $000)**

|  |  |  |
| --- | --- | --- |
| **Adjustment** | **2021–2023**  | **After 2023** |
| PRP for stage III of HPMPs pursuant to decision 71/42 or 84/46(e) | (34) | 0 |
| Stage III of HPMPs in non-LVC countries with the refrigeration manufacturing sector based on a maximum cost-effectiveness of US $8.40/kg[[6]](#footnote-6) | (236) | (575) |
| HCFC technical assistance  | (482) | 0 |
| HFC investment projects pursuant to decision 78/3(g) | (1,070) | 0 |
| PRP for HFC phase-down plans pursuant to decision 56/16(c)  | (324) | 0 |
| Core unit to reflect 0.7 percent increase over the 2020 funding level | (277) | 0 |

# Table 4 presents the results of the Secretariat’s proposed adjustments to the UNIDO business plan for 2021–2023, which are also addressed in the context of the Consolidated business plan of the Multilateral Fund for 2021–2023.[[7]](#footnote-7)

# **Table 4. Resource allocation in UNIDO’s adjusted business plan for 2021–2023 (US $000s)\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **2021** | **2022** | **2023** | **Total (2021–2023)** | **Total after 2023** |
| **HCFC activities** |
| Approved HPMPs | 25,746 | 6,825 | 15,085 | 47,656 | 31,580 |
| HPMP PRP – stage II | 0 | 76 | 0 | 76 | 0 |
| HPMP stage II  | 10,997 | 2,537 | 10,000 | 23,535 | 37,362 |
| HPMP PRP – stage III | 256 | 96 | 21 | 374 | 0 |
| HPMP stage III | 3,376 | 10,463 | 4,391 | 18,231 | 32,058 |
| HCFC technical assistance | 0 | 0 | 0 | 0 | 0 |
|  **HCFC activities subtotal** | **40,375** | **19,998** | **29,498** | **89,871** | **100,999** |
| **HFC activities** |
| HFC – investment | 2,461 | 0 | 0 | 2,461 | 0 |
| HFC phase-down plan – PRP | 1,818 | 1,015 | 0 | 2,833 | 0 |
|  **HFC activities subtotal** | **4,279** | **1,015** | **0** | **5,294** | **0** |
| **Standard activities** |
| IS | 848 | 1,819 | 848 | 3,514 | 0 |
| Core unit | 2,036 | 2,050 | 2,065 | 6,151 | 0 |
|  **Standard activities subtotal** | **2,884** | **3,869** | **2,913** | **9,666** | **0** |
| **Total** | **47,538** | **24,882** | **32,410** | **104,831** | **100,999** |

\* Including agency support costs where applicable.

Performance indicators

# UNIDO submitted performance indicators pursuant to decision 71/28 in its business plan narrative. The Secretariat informed UNIDO of the targets shown in Table 5.

**Table 5. Performance indicators for UNIDO for 2021**

| **Type of indicator**  | **Short title** | **Calculation** | **2021 target** |
| --- | --- | --- | --- |
| Planning--Approval  | Tranches approved | Number of tranches approved vs. those planned\* | 52 |
| Planning--Approval  | Projects/activities approved | Number of projects/activities approved vs. those planned (including project preparation activities)\*\* | 30 |
| Implementation  | Funds disbursed | Based on estimated disbursement in progress report | US $24,801,519 |
| Implementation | ODS phase-out | ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans | 760.70 ODP tonnes |
| Implementation  | Project completion for activities | Project completion vs. planned in progress reports for all activities (excluding project preparation) | 107 |
| Administrative | Speed of financial completion | The extent to which projects are financially completed 12 months after project completion | 12 months after operational completion |
| Administrative  | Timely submission of project completion reports | Timely submission of project completion reports vs. those agreed | On time (1) |
| Administrative  | Timely submission of progress reports | Timely submission of progress reports and business plans and responses unless otherwise agreed | On time |

\* 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.

RECOMMENDATION

# The Executive Committee may wish:

## To note the UNIDO business plan for 2021–2023, contained in document UNEP/OzL.Pro/ExCom/86/29; and

## To approve the performance indicators for UNIDO as set out in Table 5 of document UNEP/OzL.Pro/ExCom/86/29.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |

1. Due to coronavirus disease (COVID-19) [↑](#footnote-ref-1)
2. Given the constraints imposed by the COVID-19 pandemic, the Secretariat’s comments on the initial submission of the UNIDO business plan for 2021–2023 were addressed through bilateral discussions and numerous exchanges of electronic messages. All issues were satisfactorily addressed. [↑](#footnote-ref-2)
3. Funding for the preparation of national implementation plans to meet initial reduction obligations for the phase-down of HFCs could be provided, at the earliest, five years prior to those obligations, after a country had ratified the Kigali Amendment and on the basis of guidelines to be approved in the future (decision 79/46(b)(iii)). In addition, decision 84/46(f) allowed the inclusion of HFC phase-down preparation activities in the business plan for countries that had not ratified the Kigali Amendment but had submitted a letter indicating their Government’s intent to make best efforts to ratify the Kigali Amendment. [↑](#footnote-ref-3)
4. UNIDO’s 2021 core unit cost has been approved at the intersessional approval process of the 86th meeting (UNEP/OzL.Pro/ExCom/86/37). [↑](#footnote-ref-4)
5. In the absence of a decision by the Parties on the level of the replenishment of the Multilateral Fund for the 2021‑2023 triennium, and in light of decision XXXII/1, the indicative budget for resource allocation of the business plan for 2021–2023 was assumed at the same level of the replenishment of the 2018–2020 triennium. This issue is discussed in UNEP/OzL.Pro/ExCom/86/25. [↑](#footnote-ref-5)
6. As agreed at the Inter-agency coordination meeting. [↑](#footnote-ref-6)
7. UNEP/OzL.Pro/ExCom/86/25 [↑](#footnote-ref-7)