



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO BUSINESS PLAN 2021

Presented to the 86th Meeting of the Executive Committee of the Multilateral Fund

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EXECUTIVE SUMMARY

The 2021 Business Plan of UNIDO together with the forecast for 2022 and 2023 represents the Rolling Business Plan of Montreal Protocol activities of the Organization. Funding estimates up to 2023 and beyond have also been provided. This provides useful information for Executive Committee members on the funding needed to reach the 2021 control measures for HCFCs and beyond.

UNIDO's Business Plan was prepared based on the previous rolling business plan, taking into consideration the approvals and experience of previous years, the requests received from Article 5 countries, priorities established and the decisions taken by the Executive Committee, in particular Decision 84/46, 82/45, 80/34, 79/45, 79/46(c), 78/3(g), 77/27(c), 75/3(b)(i), 74/51(c), 74/18(b), 74/50(c), 71/18, 71/42, 62/17, 57/6(c) and 56/16(c). It also reflects the discussions held in Montreal during the Inter-Agency Coordination Meeting from 25 to 27 February 2020. It is also largely inspired from the historical decision of the 19th Meeting of the Parties agreeing on the acceleration of the phase-out of HCFCs, and the relevant ExCom decisions on HPMPs, HCFC investment, demonstration projects and activities to facilitate the early ratification of the Kigali Amendment. The countries' needs have been calculated based on approved HPMPs and based on reported HCFC Baseline consumption.

In 2021, UNIDO will submit for approval by the Executive Committee forward commitments amounting to USD 49.3 million. New activities are focusing mainly on HCFC phase-out plans projects that amount to USD 14.4 million. In addition in 2021, UNIDO is planning to submit new activities for HFC Phase-down amounting to USD 5,540,396, including HFC related projects. As listed in the business plan, about 81 % (USD 40.1 million) of UNIDO's 2021 Business Plan is focusing on the phase out of HCFCs without accounting for the institutional strengthening projects and the preparatory funding.

Decision 79/41 has maintained the administrative cost regime adopted by Decisions 67/15, namely, for new projects with a value over USD 250,000 as well as for institutional strengthening and project preparation activities are subject to 7% agency fee. Support cost for Agreements made before the 67th Meeting of the Executive Committee remained valid, except for the second and subsequent tranches of HPMPs approved at the 66th Meeting of the Executive Committee, where the 7.5% agency fee has been reduced to 7 % in line with Decision 72/20. For new projects with a value at or below USD 250,000, the agency fee of 9 % was maintained. Furthermore, for Core Unit Funding an annual increase of maximum 0.7% is allowed for the current triennium. For this reason and in line with the Fund Secretariat's recommendation, Core Unit Costs for the years 2021-2023 have been budgeted based on a maximum 0.7 % increase. Thus, USD 2,127,939 has been allocated in the 2021 Business Plan for the Core Unit for the year 2022. This has been calculated based on the eligible funding for 2021 (US\$ 2,113,147), not the actually requested funding (2,022,000). The reasons for the lower request for 2021 have been described in the submission.

The total amount foreseen in UNIDO's 2021 Business Plan, including forward commitments, new investment, non-investment activities, project preparation and funding of core unit is USD 49.3 million including support costs and with an impact of 760.7 ODP tonnes for HCFC Phase-out activities.

USD 49,384,979 worth of projects are earmarked for 2021 with an impact of 760.7 ODP tonnes, while for 2022 USD 25,343,015 with an impact of 329.24 ODP tonnes are forecasted.

1. CONTEXT

UNIDO prepared its business plan for 2021 to 2023 based on ExCom Decisions 84/46, 82/45, 80/34, 79/45, 79/46(c), 78/3(g), 77/27(c), 75/3(b)(i), 74/51(c), 74/18(b), 74/50(c), 71/18, 71/42, 62/17, 57/6(c) and 56/16(c) as well as the Government requests received from Article 5 countries. The countries' needs have been calculated for most countries based on the actual HCFC baseline data as well as based on approved HPMP Agreements.

The Business Plan is also largely inspired from the historical decision of the 19th Meeting of the Parties agreeing on the acceleration of the phase-out of HCFCs, and the Decision 74/50 on the draft criteria for funding HCFC phase-out in the consumption sector for Stage II of HCFC Phase-Out Management Plans and other relevant ExCom decisions on HPMPs and HCFC investment and demonstration projects. In addition, the Kigali Amendment of the Montreal Protocol and related ExCom decisions also had an important impact on UNIDO's planning. As many enabling activities are close to completion, significant number of countries have ratified the Kigali Amendment which entered into force on 1st of January 2019, countries are interested in progressing with the preparation of national HFC phase-down strategies in order to comply with the first control measures of the Kigali Amendment.

Any projects submitted to, but not approved at the 85th or 86th Meeting should be added afterwards to the 2021 Business Plan.

2. RESOURCE ALLOCATION

In 2021, UNIDO is planning to submit USD 49.3 million worth of projects, the majority of which is focused on phase-out of HCFCs, including core unit funding in the value of about USD 2.127 million.

HCFC phase-out activities form large part of UNIDO's 2021 Business Plan. Most HPMPs for non-LVCs include investment projects for the conversion of manufacturing enterprises to HCFC-free alternatives taking into consideration new technological developments to ensure sustainable conversion of HCFC-based manufacturing enterprises.

Funding requests for the preparation of Stage II and Stage III HPMPs should be submitted two years before the last tranche of Stage I and Stage II, respectively. UNIDO made careful consideration of each country to ensure smooth implementation, without interruptions between Stage I, Stage II and Stage III activities.

Furthermore, renewal of institutional strengthening projects also form part of UNIDO's 2021-2023 Business Plan. Estimates for funding needs for institutional strengthening projects have been included for those countries which have institutional strengthening projects incorporated in their ongoing HPMP.

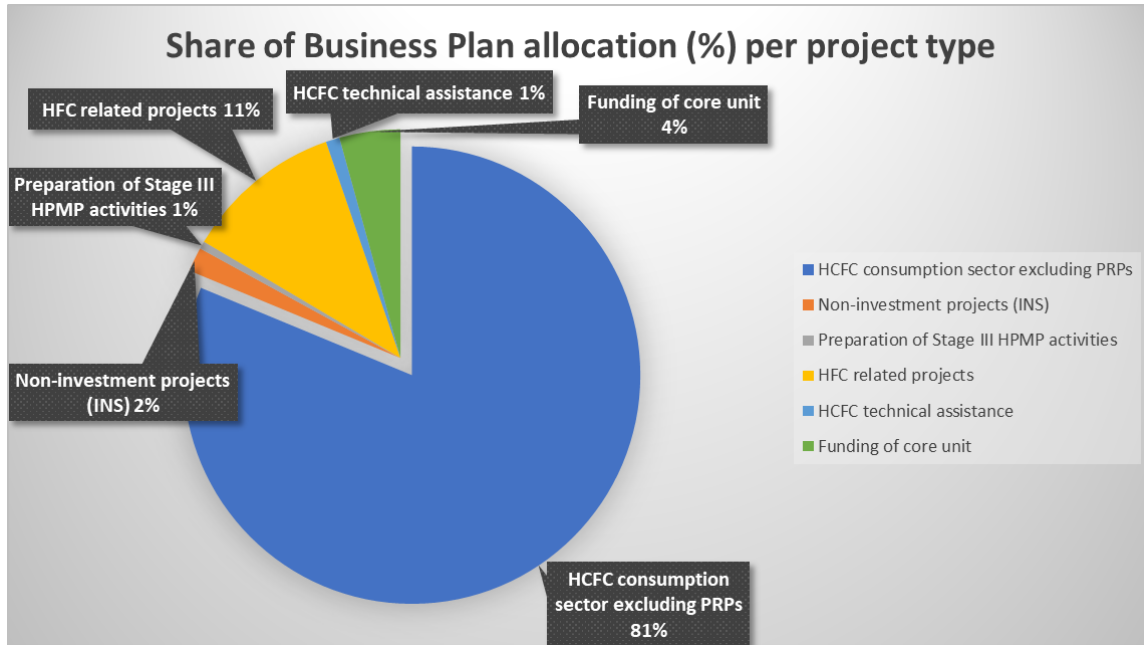
In addition, in 2021 UNIDO is planning to submit new activities for HFC Phase-down to facilitate initial actions towards the phase down of HFC and compliance with Kigali amendment. The inclusion of the proposed projects will facilitate and support Article 5 countries that need to meet the first obligations of the Kigali Amendment after ratification in 2024. Furthermore, UNIDO plans to submit HFC demonstration project in Egypt and two stand-alone investment projects in Sudan and India in line with decision 84/53.

The total budget for 2021 for the above activities is USD 49,384,978 including USD 2,127,939 core unit funding for UNIDO. Table 1 below summarizes the resource allocation of UNIDO's 2021 Business Plan.

Table 1: Resource allocation per type/sector

Type/sector	Value (\$) including support costs	Share of Business Plan allocation (%)
HCFC consumption sector excluding PRPs	40,118,998	81%
Non-investment projects (INS)	847,754	1.72%
Preparation of Stage III HPMP activities	268,392	0.54%
HFC related projects	5,540,396	11.14%
HCFC technical assistance	481,500	1%
Funding of core unit	2,127,939	4.28%
Total	49,384,978	100%

Figure 1: Resource Allocation for 2021 per type/sector



The details of the 2021-2023 rolling Business Plan are spelled out in the Business Plan Database.

3. GENERAL OVERVIEW ON ASSISTANCE TO COUNTRIES IN NON-COMPLIANCE

In UNIDO's portfolio, there is currently no country being in non-compliance with the HCFC phase-out schedule. UNIDO has been providing continuous assistance to countries that had been in non-compliance in previous years.

All activities presented in UNIDO's business plan aim at providing assistance to Article 5 countries to comply with their obligations towards the Montreal Protocol. Currently the main focus is the 67.5% reduction target by 2025 and 100% by 2030. UNIDO is ready to support countries with new HFC commitments since the entry into force of the Kigali Amendment in January 2019. Should there be any countries in non-compliance under UNIDO's responsibility, UNIDO will work closely with the countries concerned to bring them back to compliance and will assist them to report the required data to the Ozone Secretariat.

4. PROGRAMME EXPANSION

In the years 2021 to 2023 UNIDO aims to enhance its assistance to Article 5 countries by strengthening its project portfolio through the implementation of HCFC phase-out management plans, institutional strengthening projects, preparations of new stages of HPMPs as well as HFC phase down management plans. UNIDO plans to submit HCFC technical assistance projects, as well as three other HFC related projects.

UNIDO continues providing support with Stage II and Stage III HPMPs to all the countries assisted during Stage I and Stage II, respectively. The last country for which no HPMP was approved, i.e. Syria, had its HPMP Stage I approved at the intersessional approval process in December 2020, and UNIDO will continue supporting the country in meeting its obligations.

The main objective of this Business Plan is to assist Article 5 countries in meeting their obligations under the Montreal Protocol, in particular the 67.5% reduction target in 2025 and the 100% in 2030 for HCFCs.

The analysis of the activities of UNIDO's Business Plan reveals that the major share of UNIDO's MP project portfolio consists of HPMPs in different sub-sectors.

In 2021, UNIDO will continue to cover all regions (Latin America and the Caribbean, Africa, Asia and Pacific, Europe) with planned activities in various sectors and countries (including project preparation and non-investment activities).

In addition, in 2021 UNIDO is planning to submit new activities for HFC Phase-down to facilitate initial actions towards the phase down of HFC and compliance with Kigali amendment. The inclusion of the proposed projects will facilitate and support countries to meet the first obligations of the Kigali Amendment after ratification.

Africa

In Africa, funding requests for 26 countries, with a total value of USD 20,764,226 will be submitted in 2021. Planned projects are HPMPs, preparatory assistance for HFC phase-down plan and two HFC related projects. UNIDO is cooperating with UNEP on several HPMPs in African countries. UNIDO is planning to submit 10 preparatory assistance requests for HFC phase-down in 2021.

Asia and the Pacific

In Asia and the Pacific requests for funding for eleven countries with a value of USD 16,595,235 will be submitted in 2021. The main concentration will be in HPMPs Stage II, preparation of HPMP Stage III and HFC related project.

Europe

In Europe, requests for five countries with a value of USD 1,495,026 will be submitted in 2021, targeting the phase-out of HCFCs, institutional strengthening and HFC phase-down preparation.

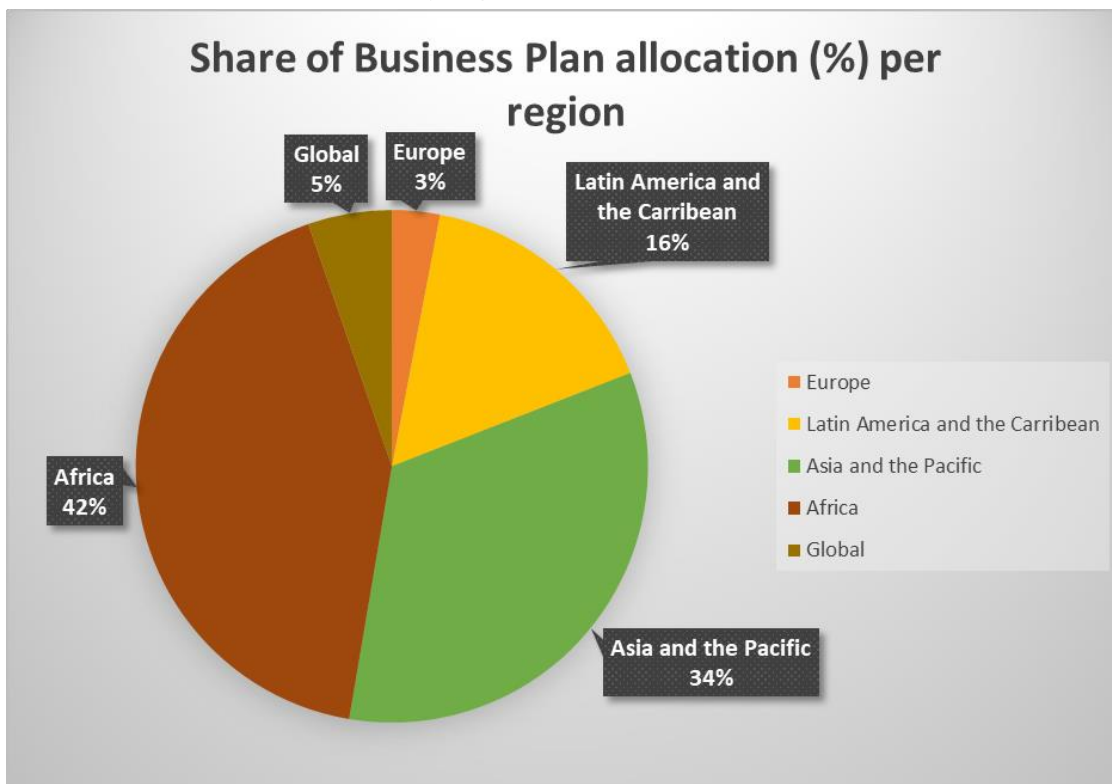
Latin America and the Caribbean

In Latin America and the Caribbean region the planned requests to be submitted in 2021 amount to USD 7,921,052 for eleven countries. This includes HPMPs and preparatory assistance for HPMPs Stage III and HFC phase – down activities.

Global

Besides the Core Unit Budget, UNIDO plans to submit funding request for PRAHA III, together with UNEP. The planned request including support costs is in the amount of USD 481,500.

Figure 2: UNIDO’s 2021 Business Plan by Region



5. PERFORMANCE INDICATORS

The 71st Meeting of the Executive Committee has reviewed the performance indicators. The new weightings, based on Decision 71/28, are indicated in the below table.

Type of Indicator	Short title	Calculation	Weighting	Target 2021
Planning-- Approval	Tranches approved	Number of tranches approved vs. those planned	10	50
Planning-- Approval	Projects/ activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)	10	32
	Sub-total		20	
Implementation	Funds disbursed	Based on estimated disbursement in progress report	15	USD 24.8 million
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans	25	760.7 ODPt
Implementation	Project completion for Activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	20	65
	Sub-total		60	
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	10	12 months after operational completion
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5	On time
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	5	On time
	Sub-total		20	
	Total		100	

Based on Decision 71/28, the performance indicator on milestone activities for MYAs was changed as listed now in the above table.

6. INITIATIVES TO ENSURE COMPLIANCE

Successful and timely implementation of ongoing activities is essential for the current compliance period.

Special attention is provided to countries that may previously have been in non-compliance and that have decisions outlining plans of actions with time-specific benchmarks for return to compliance.

UNIDO has continued to provide supportive initiatives in order to ensure timely project completion of projects approved so far, and to facilitate compliance of the recipient countries with their Montreal Protocol obligations, which supported successful project implementation:

- Regular follow up of the implementation process is being done by the staff of the ozone office together with UNIDO's national and international consultants and project managers. This ensures that effective actions on critical issues such as resolving bottlenecks in site preparation, customs clearance, installation, commissioning and safety certification, monitoring of HCFC-related equipment are taken.
- UNIDO is frequently attending Regional Network online Meetings and respective webinars providing additional support to our counterpart countries.
- Communication and interaction between regional and country offices about the implementation process has ensured the smooth flow of project plans. As in previous years, directors of UNIDO regional and country offices are regularly briefed on ongoing and possible future activities. They are involved in the implementation process and are following up the progress of the programmes. In turn, the representatives brief headquarter staff working in a specific country on the regular activities in the field and problems faced, if any.
- UNIDO also provides, when requested, support such as policy assistance, putting in place relevant legislation etc. Additionally, UNIDO project managers have developed various webinars and online trainings to compensate for the project site visits and in-person trainings.
- Based on recommendation of the Implementation Committee, additional assistance will be offered to the countries with delays in reporting of its ozone-depleting substance data.
- Based on the recommendations from the Ozone Secretariat, and taking into consideration that countries that have already ratified the Kigali Amendment will have to have HFC licensing system established by 1st of January 2021, UNIDO organized webinars on HFC licensing systems. UNIDO will continue to implement webinars to assist countries with meeting their obligations under the Kigali Amendment.
- Taking into consecration the travel and physical meetings limitations imposed worldwide due to the Covid-19 pandemic, UNIDO continues to provide support to the countries while prioritizing the health of its staff, consultants and counterparts. To compensate for the physical meetings and trainings, UNIDO is organizing webinars, frequent video calls and online trainings until travel will be allowed again.