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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-fourth Meeting  
Prague, 29 November-3 December 2004

**2004 BUSINESS PLANS  
(FOLLOW UP TO DECISION 42/3 (D) AND (E))**

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## Introduction

1. Pursuant to Decision 41/92, this document reviews the status of the implementation of the 2004 business plans in the light of the submissions to the 44<sup>th</sup> Meeting and previous approvals at the 42<sup>nd</sup> and 43<sup>rd</sup> Meetings. In response to Decision 43/3, it highlights those priority projects that are remaining in the 2004 business plans following the 43<sup>rd</sup> Meeting that were considered to be needed to assist countries in returning to compliance and/or achieving compliance with the 2005 control measures of the Montreal Protocol. It also addresses the possible need for a window to accelerate phase-out and maintain momentum as requested in Decision 42/3. The document concludes with an assessment of the forward commitments approved to-date and the additional commitments submitted to the 44<sup>th</sup> Meeting for approval.

## Approvals and the 2004 Business Plan

2. Table 1 presents the total value of projects and activities included in the 2004 business plans by agency and the total value of projects and activities that were approved at the 42<sup>nd</sup> and 43<sup>rd</sup> Meetings and of those submitted to the 44<sup>th</sup> Meeting.

Table 1

### 2004 Business Plans and Remaining Balance Expected for Consideration at the 44<sup>th</sup> Meeting (US\$)

Agency	2004 Business Plan	2004 Approvals and Submissions to the 44th Meeting				Difference Between Business Plan and Approvals plus Submissions
		Approvals at the 42 <sup>nd</sup> Meeting	Approvals at the 43 <sup>rd</sup> Meeting	Submissions to the 44 <sup>th</sup> Meeting	Total	
UNDP	39,324,637	9,236,542	6,034,341	25,924,308	41,195,191	-1,870,554
UNEP	16,082,800	1,000,275	2,382,364	12,294,921	15,677,560	405,240
UNIDO*	46,710,237	27,611,168	1,650,015	9,219,119	38,480,302	8,229,935
World Bank**	89,306,282	33,619,768	18,850,663	27,258,483	79,728,914	9,577,368
Bilateral Agencies	26,985,054	8,085,716	2,350,843	19,083,190	29,519,749	-2,534,695
Secretariat/ExCom	3,798,558			4,131,205	4,131,205	-332,647
Core Unit	4,500,000			4,500,000	4,500,000	0
<b>Total Approval/ Submission</b>	<b>213,232,921</b>	<b>79,553,469</b>	<b>31,268,226</b>	<b>102,411,226</b>	<b>213,232,921</b>	<b>13,474,647</b>
<b>Business Plan Value</b>	<b>226,707,568</b>	<b>79,921,259</b>	<b>31,821,972</b>	<b>82,368,110</b>	<b>194,111,341</b>	<b>32,596,227</b>
<b>Difference</b>	<b>13,474,647</b>	<b>367,790</b>	<b>553,746</b>	<b>-20,237,731</b>	<b>-19,316,195</b>	<b>19,316,195</b>

\* Based on UNIDO revised 2004-2006 Business Plans taking into consideration 42<sup>nd</sup> Meeting Executive Committee Decision.

\*\* Reduced by US \$10,750,000 for China CTC Accelerated Phase-out.

3. Assuming that the value of projects submitted to the 44<sup>th</sup> Meeting are approved at the value submitted (which normally does not occur), the 2004 budget would have been exceeded by US \$19 million (not including the costs of CFC production closure in Venezuela and the expected US \$1.7 million for Indonesia's foam sector plan) which would be deducted from the current triennial budget surplus of about US \$24 million. However, it is more likely that the surplus will be increased following the review by the Secretariat and the approval of the Executive Committee.

4. The table also indicates that US \$32.6 million in projects budgeted for consideration in 2004 will now be rolled into the agencies' 2005 business plans. It should be noted that pursuant to Decision 42/3 (b), any remaining funds from 2004 would be allocated to 2005 and, therefore, rolling over the value of the projects that had not been submitted in 2004 will not have a negative impact on the triennium budget.

5. Table 2 provides information about the number of new multi-year agreements and all other projects that are in the 2004 business plan that may be rolled over to the 2005 business plan.

Table 2

**2004 Business Plans and Remaining Number of New Multi-year Agreements and Other Projects Expected for Consideration under the 2005 Business Plan**

Agency	Number of Projects in 2004 Business Plan	Approvals at the 42 <sup>nd</sup> Meeting	Approvals at the 43 <sup>rd</sup> Meeting	Submissions to the 44 <sup>th</sup> Meeting Related to the 2004 Business Plan	Balance of Projects for Expected Consideration under the 2005 Business Plan
<b>New Multi-year Agreements</b>					
UNDP	6	2	0	1	3
UNEP	2	1	0	0	1
UNIDO	14	3	1	5	5
World Bank	6	1	0	4	1
Bilateral Agencies	10	2	4	3	1
<b>Total</b>	<b>38</b>	<b>9</b>	<b>5</b>	<b>13</b>	<b>11</b>
<b>Other Projects and Tranches of Approved Multi-year Agreements</b>					
UNDP	82	18	15	26	23
UNEP	92	7	18	31	36
UNIDO	40	13	5	8	14
World Bank	28	10	1	11	6
Bilateral Agencies	34	8	4	6	16
<b>Total</b>	<b>276</b>	<b>56</b>	<b>43</b>	<b>82</b>	<b>95</b>

### Countries at Risk of Non-Compliance in the 2004 Business Plan

6. At its 43<sup>rd</sup> Meeting, the Executive Committee decided to “urge bilateral and implementing agencies with projects in the 2004 business plans for countries at risk of non-compliance to submit those projects to the 44<sup>th</sup> Meeting as a matter of urgency and to consider the projects identified in Table 3 of UNEP/OzL.Pro/ExCom/43/5 as priority projects” (Decision 43/3, para. b) and “to include in the document to be submitted to the 44<sup>th</sup> Meeting of the Executive Committee an examination of the reasons for the non-submission of projects for countries at risk of non-compliance” (Decision 43/3, para. c (iii)).

7. 19 of the 22 projects and activities identified in the document before the 43<sup>rd</sup> Meeting were submitted to the 44<sup>th</sup> Meeting. The following table indicates those projects from countries at risk of non-compliance that were not submitted.

Table 3

#### Projects not Submitted for Countries at Risk of Non-Compliance

Agency	Country	Sector and Sub-Sector	Risks	Value (\$000) in 2004	ODP in 2004*
UNEP	Albania	Institutional Strengthening	Annex A, Group I	108	
UNIDO	Albania	ODS Phase-out plan	Annex A, Group I	185	21.9
UNDP	Somalia	Refrigeration Refrigerant management plan	Annex A	376	25.1
<b>Total</b>				<b>669</b>	<b>47.0</b>

8. UNEP and UNIDO had difficulties in arranging a meeting with officials in Albania. Through its resident representative, UNDP arranged a meeting for UNEP and UNIDO to be held in late October 2004. Project implementation has been delayed due to the imposition of customs duties and value added taxes to equipment purchased through the Multilateral Fund that are not eligible pursuant to the Executive Committee’s decision at its 10<sup>th</sup> Meeting.

9. In respect of Somalia, UNDP indicated that while other agencies could travel to Somalia, it was not able to do so under the current security threat. Therefore, since it was not in a position to implement the project, UNDP had delayed its submission of its component of the RMP in Somalia.

#### Funding window for accelerating phase-out and maintaining momentum

10. The funding window that was established pursuant to Decision 40/7 expired as at the 42<sup>nd</sup> Meeting pursuant to paragraph c of the decision. At its 42<sup>nd</sup> Meeting, the Executive Committee requested the Secretariat, in consultation with bilateral and implementing agencies, to prepare a paper for submission to the 44<sup>th</sup> Meeting of the Executive Committee, analysing the potential need for projects to accelerate phase-out and maintain momentum, and to provide guidance on the need for a funding window to consider such projects; and to consider at its 44<sup>th</sup> Meeting the possible need for a funding window to accelerate phase-out and maintain momentum, as well as any related criteria for the selection of projects to be funded through that window (Decision 42/3, paras. d and e).

11. During the 13-14 October 2004 Coordination Meeting, the implementing agencies and the Secretariat discussed the possible need for a window for accelerating phase-out and maintaining momentum.

12. The Executive Committee considered a funding window for accelerating phase-out and maintaining momentum when the 2003-2005 business plans initially indicated that there would not be any funds available for these purposes. However, in the context of its consideration of the 2004-2006 business plans, the Executive Committee had been informed that:

- All needs identified in the 3-year phase-out plan submitted to the 42<sup>nd</sup> Meeting had been addressed either through projects in the 2004 and 2005 business plans or through special CAP initiatives;
- All projects for accelerated phase-out and maintaining momentum that were included in the 2004 business plans could be considered for funding; and
- US \$24 million of the budget for the triennium had not been allocated in the 2004 and 2005 business plans.

13. On the basis of the above, there is currently no need for a special funding window since additional funds appear to be available to accommodate additional projects for accelerating phase-out and maintaining momentum. The need for a window will be best determined by an analysis of the business plans that are submitted to the 45<sup>th</sup> Meeting in March/April 2005. At that time, an assessment can then be made of the extent to which the 2005 business plans include projects needed for compliance with the 2005 and 2007 control measures and those that could be considered as accelerated phase-out or maintaining momentum.

14. The Executive Committee may therefore wish to consider the need for a special funding window for accelerating phase-out and maintaining momentum at its 45<sup>th</sup> Meeting in the context of its consideration of the 2005 business plans of the implementing and bilateral agencies. The analysis might indicate *inter alia*:

- Projects needed to achieve the 2005 and 2007 controls;
- Projects for accelerating the phase-out in approved projects, for example, for those projects with a phase-out schedule agreed to be 2009 that is accelerated to 2008;
- New projects with an accelerated phase-out schedule to phase-out beyond the 2005 and 2007 control measures;
- New projects to maintain momentum in countries with active national ozone phase-out programmes; and
- The value of the funding status including multi-year commitments and resources available for new commitments and substantive criteria for accelerated phase-out and maintaining momentum.

15. It should be recalled that the Japanese delegation, provided at the 41<sup>st</sup> Meeting of the Executive Committee, a list of possible items to be taken into consideration in the preparation of a study on strategic business planning/financial planning that is contained in the Report of the 41<sup>st</sup> Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/41/87, para. 121 and Annex XVII).

## Forward Commitments

16. Forward commitments consist *inter alia* of funding for multi-year agreements and funding for standard activities such as institutional strengthening, budget of the Fund Secretariat and Executive Committee meeting costs, UNEP's Compliance Assistance Programme (CAP), the core unit costs for UNDP, UNIDO, and the World Bank. Funding for standard activities during the 2003-2005 triennium totals US \$70 million or about US \$23.3 million per year.

17. Table 4 presents the total amount of forward commitments approved up to the end of 2003, following the approvals at the 42<sup>nd</sup> and 43<sup>rd</sup> Meetings, and the potential level of commitments based on submissions to the 44<sup>th</sup> Meeting.

Table 4

### Forward Commitments (2004-2010)

Description	2004	2005	2006	2007	2008	2009	2010	Total
Annual Tranches of Approved Multi-year agreements after 2003 approvals	125,787,701	86,473,198	86,568,616	43,735,583	34,564,512	29,593,318	1,591,000	408,313,928
Annual Tranches from New Agreements Approved at 42 <sup>nd</sup> and 43 <sup>rd</sup> Meetings	13,755,021	11,607,977	7,008,313	4,478,470	2,044,944	1,221,104	59,125	30,992,296
<b>Sub-Total (Agreements)</b>	<b>139,542,722</b>	<b>98,081,175</b>	<b>93,576,929</b>	<b>48,214,053</b>	<b>36,609,456</b>	<b>30,814,422</b>	<b>1,650,125</b>	<b>439,306,224</b>
Funding for Standard Activities	23,300,000	23,300,000	23,300,000	23,300,000	23,300,000	23,300,000	23,300,000	163,100,000
<b>Total Committed to-date</b>	<b>162,842,722</b>	<b>121,381,175</b>	<b>116,876,929</b>	<b>71,514,053</b>	<b>59,909,456</b>	<b>54,114,422</b>	<b>24,950,125</b>	<b>602,406,224</b>
<b>Annual Tranches for New Agreements Submitted to the 44<sup>th</sup> Meeting</b>								<b>To be provided</b>
<b>Total with 44<sup>th</sup> Meeting Submissions</b>								<b>To be provided</b>

18. Table 4 indicates that a total of US \$439.3 million in forward commitments have been agreed up to the 43<sup>rd</sup> Meeting, of which US \$201.6 million of this amount is for commitments after the current 2003-2005 triennium. It also indicates that US \$30 million in new commitments have been approved in 2004 thus far.

19. Information on annual tranches from new agreements will be provided as an addendum to this document.

## RECOMMENDATIONS

The Executive Committee may wish to consider:

1. Noting the Report on the status of the 2004 business plans as contained in UNEP/OzL.Pro/ExCom/44/5 and the submission of priority projects as requested in Decision 43/3 (c)(iii).
2. The need for a funding window for accelerating phase-out and maintaining momentum in the context of the 2005 business plans submitted to the 45<sup>th</sup> Meeting.

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