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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-first Meeting
Montreal, 5-9 July 2010

BILATERAL AGENCIES REVISED BUSINESS PLAN FOR THE YEARS 2010-2014

This document includes the consolidation of the business plans submitted by bilateral agencies.

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

Introduction/Background

1. Bilateral cooperation may be considered as a contribution to the Multilateral Fund up to a value of 20 per cent of a country's annual pledge to the Fund and consistent with any criteria specified by decisions of the Parties. The Executive Committee decided to allow flexibility in the year for which bilateral projects would be credited, provided that bilateral agencies submitted their work plans at the beginning of the year in time for the Secretariat to transmit them to the Executive Committee for consideration during discussions of the business plans at the Committee's first meeting of the year (decision 25/13(a)).
2. The following non-Article 5 countries submitted business plans or business plan tables to the 60th Meeting: Canada, Czech Republic, France, Germany, Italy and Japan.
3. At its 60th Meeting, the Executive Committee requested "the bilateral and implementing agencies to submit their revised business plans to the 61st Meeting of the Executive Committee taking into account [business planning and other decisions of the Executive Committee]" (decision 60/5(q)). The Czech Republic and Japan submitted revised business plans. Italy reiterated its inclusion in its business plan of a resource mobilization activity.
4. The Secretariat considered all of the business plans submitted to the 60th Meeting in this document as well as the revised business plans, to adjust all business plans in the light of decision 60/9.

Adjustments to the revised business plans

5. The value of bilateral agencies' revised business plan was US \$37.03 million for the period 2010-2014.
6. In reviewing the revised business plans, the Secretariat noted that bilateral agencies did not fully implement decisions 60/5, 60/11 and 60/44 in the following ways:
 - (a) The maximum level of funding for low-volume-consuming (LVC) countries for the HCFC servicing sector until the year 2020 was exceeded (decision 60/44(f)(xii));
 - (b) The institutional strengthening (IS) funding did not correspond to the Model rolling three-year phase-out plan (decision 60/5(f));
 - (c) Funding and phase-out for multi-year agreements (MYAs) did not reflect the records of the Fund Secretariat (decision 60/5(c)); and
 - (d) New terminal phase-out management plans (TPMPs) should be integrated into HPMPs (decision 60/11(b)).
7. Pursuant to decision 60/9, the Secretariat automatically adjusted bilateral agencies' business plan to reflect the values in previously approved MYAs and in other previous decisions of the Executive Committee and to ensure that activities reflected those submitted to the first meeting of the year and their associated values. This was to ensure consistency between submissions and business plans at the first meeting of the year. The Fund Secretariat has automatically adjusted the revised business plans to accommodate those decisions and:
 - (a) Modified the MYA values and value for other activities that were approved at the 60th Meeting to reflect their approvals;

- (b) Modified project values to include support costs as appropriate; and
- (c) Included IS to reflect the values in the Model.

8. The results of the automatic adjustments are found in Annex I of the Consolidated Business Plan.

9. After making these adjustments, the total value of the 2010-2014 adjusted bilateral agencies business plan is US \$37.23 million.

Adjustments due to tonnage projections

10. The bilateral agencies' business plans could be further adjusted based on the tonnage and the values included for HCFC activities.

Tonnage for LVC countries and accelerated phase-out

11. Tonnage for LVC countries was limited to the 2020 level indicated in decision 60/44(f)(xii). As a result of this adjustment, bilateral agencies include in their business plans the following LVC countries with HCFC phase-out management plans (HPMPs) that are seeking funding for an accelerated phase-out in 2020: Afghanistan, Bolivia, Botswana, Croatia, Lesotho, Liberia, Mauritius, Namibia, Papua New Guinea, Seychelles and Zimbabwe.

12. The Executive Committee may wish to consider whether any adjustment is warranted for accelerating phase-out to the year 2020 for LVC countries.

Resource allocation

13. Based on the revised business plans, bilateral agencies intend to conduct activities during 2010 (excluding regional projects) in 31 Article 5 countries, namely: Afghanistan, Algeria, Angola, Argentina, Bolivia (Plurinational State of), Botswana, Brazil, the Central African Republic, Chile, China, Colombia, Croatia, Ghana, India, the Islamic Republic of Iran, Kenya, the Lao People's Democratic Republic, Lesotho, Liberia, Mauritius, Mexico, Mongolia, Namibia, Nigeria, Papua New Guinea, Seychelles, Thailand, Turkey, Uruguay, Yemen and Zimbabwe.

14. Table 1 presents, by year, the value of activities included in the adjusted business plans according to categories "required for compliance" and "not required" according to the Model rolling three-year phase-out plan.

Table 1

RESOURCE ALLOCATION IN THE ADJUSTED BUSINESS PLAN OF BILATERAL AGENCIES (2010-2014) (US \$000s)

Required/Not required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (MYAs and standard costs)	2,535		1,561	243	220	4,559
Required for compliance (HCFCs)	6,458	6,347	10,727	2,027	2,027	27,585
Not required for compliance (Resource mobilization)	362					362
Not required for compliance (ODS disposal)	2,437	1,950	0			4,387
Not required for compliance (Chiller, Illegal trade, CTC, MBR, MDI, Studies, Workshops)	153	91	91			335
Grand total	11,945	8,388	12,379	2,270	2,246	37,228

15. The bilateral agencies had included activities in their adjusted business plans valued at US \$11.95 million in 2010 and a total value of US \$37.23 million over the period 2010 to 2014.

MYAs and standard costs

16. Table 2 presents information on bilateral agencies' MYAs, new methyl bromide (MBR) activities, TPMPs and IS activities that are considered required for compliance.

Table 2

REQUIRED FOR COMPLIANCE FOR MYAs AND STANDARD COSTS (2010 to 2014) (US \$000s)

Required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Approved MYAs	2,315		1,342	243		3,900
New MBR activities						0
TPMP						0
IS	220		220		220	659
Total (required for compliance for MYAs and standard costs)	2,535		1,561	243	220	4,559

17. The value of annual tranches that will be submitted in 2010, 2012 and 2013 are included for Canada, Germany and Spain for methyl bromide MYAs, despite the fact that Spain did not submit a business plan. It should be noted that traditional bilateral donors, such as Australia, Finland, Portugal, Spain, Switzerland, the United Kingdom of Great Britain and Northern Ireland, and the United States of America did not submit bilateral business plans and the total value of bilateral activities could increase in the event of such submissions.

COMMENTS ON BILATERAL BUSINESS PLANS

18. The Fund Secretariat reviewed each bilateral donor's business plan and provided comments on several of the proposed activities. This section summarizes some of the information contained in the bilateral business plans, by donor country.

Canada

19. Canada's 2010-2014 adjusted business plan includes three MYAs and one HPMP. Twenty per cent of Canada's pledged contributions for 2010 amounts to US \$963,805. Table 3 presents a summary of the resource allocation in Canada's adjusted 2010-2014 business plan.

Table 3

ADJUSTED ALLOCATION OF RESOURCES FOR CANADA (US \$)

Required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (MYAs and Standard costs)	887,922		223,411	242,984		1,354,317
Required for compliance (HCFCs)		226,000				226,000
Grand total	887,922	226,000	223,411	242,984		1,580,317

20. Canada has covered activities valued at US \$887,922 in 2010 and a total value of US \$1,580,317 over the period 2010 to 2014.

Comments

21. Canada has included US \$1,354,317 in its 2010-2014 adjusted business plan for annual tranches of three approved MYAs, including tranches for: the national phase-out plan (NPP) for Chile (US \$295,495 in 2010), the MBR sector in Mexico (US \$558,527 in 2010, US \$223,411 in 2012 and US \$242,984 in 2013) and the TPMP in Uruguay (US \$33,900 in 2010).

22. Canada has also included one activity for an HPMP in Colombia valued at US \$226,000 in 2011. No tonnage was associated with this activity.

Czech Republic

23. The Czech Republic's 2010-2014 adjusted business plan includes two activities valued at US \$273,000 for 2010 to 2012. Twenty per cent of the Czech Republic's pledged contributions for 2010 amounts to US \$90,974. The activity is within the Czech Republic's allocation due to rounding since the project value is calculated to the nearest US \$1,000. Table 4 presents a summary of the resource allocation in the Czech Republic's 2010-2014 business plan.

Table 4

ADJUSTED ALLOCATION OF RESOURCES FOR THE CZECH REPUBLIC (US \$)

Not required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Not required for compliance (Chiller, Illegal trade, CTC, MBR, MDI, Studies, Workshops)	91,000	91,000	91,000			273,000
Total	91,000	91,000	91,000			273,000

24. The Czech Republic had covered activities valued at US \$91,000 in 2010 and a total value of US \$273,000 over the period 2010 to 2014.

Comments

25. The Czech Republic has included activity on initiating regional cooperation to enforce ODS trade controls in ECA network countries valued at US \$91,000 and ECA regional customs cooperation, to analyze data discrepancies and follow-up on detected cases of illegal trade, valued at US \$182,000 for the period 2011-2012. The Executive Committee did not remove this activity from the business plans submitted to the 60th Meeting.

France

26. France has planned activities for the phase-out of ODS amounting to US \$2.21 million in the 2010-2014 adjusted business plan. Twenty per cent of France's pledged contributions for 2010 amounts to US \$2,039,952. Table 5 presents a summary of the resource allocation in France's 2010-2014 adjusted business plan.

Table 5

ADJUSTED ALLOCATION OF RESOURCES FOR FRANCE (US \$)

Required/Not required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (MYAs and Standard costs)	207,355					207,355
Not required for compliance (ODS disposal)	1,000,000	1,000,000				2,000,000
Total	1,207,355	1,000,000				2,207,355

27. France had covered activities valued at US \$1,207,355 in 2010 and a total value of US \$2,207,355 over the period 2010 to 2014.

Comments

28. France has included US \$207,355 in its 2010-2014 adjusted business plan for annual tranches of two approved MYAs, including tranches for: TPMP in the Central African Republic (valued at US \$50,850) and in the Lao People's Democratic Republic (valued at US \$156,505).

29. France has included two ODS disposal activities for Mexico and Turkey valued in total at US \$1 million each in 2010 and 2011 that will result in the destruction of 300 ODP tonnes. The Executive Committee did not remove this activity from the business plan submitted to the 60th Meeting.

Germany

30. Germany's adjusted 2010-2014 business plan includes MYAs, IS, HPMPs and HCFC investment activities. Twenty per cent of Germany's pledged contributions for 2010 amounts to US \$2,776,808. Table 6 presents a summary of the resource allocation in Germany's 2010-2014 adjusted business plan.

31. As indicated in the Consolidated Business Plan, even after these automatic adjustments were made, there remained a need to further adjust the revised business plans of the agencies to stay within the budget for the 2009-2011 triennium. The total value of HCFC investment activities in 2010 and 2011 was US \$5.15 million. The Secretariat has reduced this amount by half and added it to Germany's business plan for 2012-2014.

Table 6

ADJUSTED ALLOCATION OF RESOURCES FOR GERMANY (US \$)

Required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (MYAs and Standard costs)	546,605		444,997		219,672	1,211,274
Required for compliance (HCFCs)	2,900,275	3,115,938	4,258,333	858,333	858,333	11,991,213
Grand total	3,446,880	3,115,938	4,703,330	858,333.333	1,078,005.333	13,202,487

32. Germany had covered activities valued at US \$3.45 million in 2010 and a total value of US \$13.2 million over the period 2010 to 2014.

Comments

33. Germany's business plan for 2010 contains activities valued at US \$3,446,880. For 2011 it has included activities valued at US \$3,115,938. This is in addition to US \$2,036,929 approved for projects

in 2009, resulting in a total value of US \$8,599,747 for the 2009-2011 triennium. Twenty per cent of Germany's pledged contributions for the triennium is US \$8,330,425. Germany is therefore exceeding the maximum level of bilateral contributions by US \$269,322. The Committee may wish to recall that a similar situation arose for Germany in the previous two triennia, which led to the need to defer part of the funding for the agreed annual tranches for MYAs until the next triennium.

34. Germany has incorporated US \$552,258 in its 2010-2014 business plan for annual tranches of three approved MYAs including tranches for the TPMP for Botswana (US \$56,500 in 2010); the MBR sector in Yemen (US \$225,325 in 2010 and 2012); and the TPMP in Zimbabwe (US \$45,108).

35. Germany has also included US \$659,016 for IS during 2010-2014 for Angola and Papua New Guinea.

36. Germany has included activities valued at a total of US \$203,400 for HCFC project preparation (including investment and phase-out management plan activities) in its 2010 business plan, and activities valued at a total of US \$11.79 million for HPMPs and HPMP investment activities in its 2010-2014 business plan.

Italy

37. Italy has planned activities for the phase-out of ODS in its 2010-2014 adjusted business plan amounting to US \$2.03 million. Twenty per cent of Italy's pledged contributions for 2010 amounts to US \$1,644,329. Table 7 presents a summary of the resource allocation in Italy's 2010-2014 adjusted business plan.

Table 7

ADJUSTED ALLOCATION OF RESOURCES FOR ITALY (US \$)

Required/Not required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (HCFCs)	864,450					864,450
Not required for compliance (Resource mobilization)	361,600					361,600
Not required for compliance (ODS disposal)	737,000					737,000
Not required for compliance (Chiller, Illegal trade, CTC, MBR, MDI, Studies, Workshops)	62,150					62,150
Total	2,025,200					2,025,200

38. Italy had covered activities valued at US \$2.03 million in 2010 totalling US \$2.03 million over the period 2010 to 2014. This level of funding exceeds the annual amount allowed for Italy. Since Italy provided US \$152,550 for its bilateral activities in 2009, this amount, plus planned activities in 2010, do not exceed the level allowable for the three-year period 2009-2011.

Comments

39. Italy has planned activities valued at a total of US \$864,450 for HCFCs in its 2010 business plan.

40. An activity for resource mobilization has been included in its business plan valued at US \$361,600. This request was considered in the context of Bilateral Cooperation (UNEP/OzL.Pro/ExCom/60/16). In decision 60/18, the Executive Committee decided to defer consideration of this activity to the 61st Meeting consistent with decision 60/9, since this was the first time this type of activity had been discussed.

41. Italy has included one ODS disposal activity for Algeria amounting to US \$737,000 in 2010 that will result in the destruction of 50 ODP tonnes. It is a joint UNIDO/Italy project that has a value within the cost-effectiveness level for demonstration projects. This activity was not removed from the business plan submitted to the 60th Meeting.

42. Italy also has an MBR technical assistance activity in its business plan for 2010 valued at US \$62,150 for a global MBR activity. This activity is not considered to be required for compliance, but it was not removed from the business plan submitted to the 60th Meeting.

Japan

43. Japan has planned activities for the phase-out of ODS in its 2010-2014 adjusted business plan amounting to US \$16.15 million. Twenty per cent of Japan's pledged contributions for 2010 amounts to US \$5,382,029. Table 8 presents a summary of the resource allocation in Japan's 2010-2014 adjusted business plan.

44. As indicated in the Consolidated Business Plan, even after these automatic adjustments were made there remained a need to further adjust the revised business plans of the agencies to stay within the budget for the 2009-2011 triennium. The total value of HCFC investment activities in 2010 and 2011 was US \$7.01 million. The Secretariat has reduced this amount by half and added it to Japan's business plan for 2012-2014.

Table 8

ADJUSTED ALLOCATION OF RESOURCES FOR JAPAN (US \$)

Required/Not required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (HCFCs)	2,693,243	3,005,000	6,468,333	1,168,333	1,168,333	14,503,243
Not required for compliance (ODS disposal)	700,000	950,000	0			1,650,000
Total	3,393,243	3,955,000	6,468,333	1,168,333	1,168,333	16,153,243

45. Japan had included activities valued at US \$3.39 million in 2010 and a total value of US \$16.15 million over the period 2010 to 2014.

Comments

46. Japan's business plan covers activities valued at a total of US \$2.69 million for HCFCs in 2010. The HCFC activities include: one demonstration project valued at US \$827,000, two technical assistance projects valued at US \$300,000, four investment projects valued at US \$1.5 million and one project preparation valued at US \$67,800. Japan did not include any ODS phase-out levels for its project components of HPMPs.

47. Two ODS disposal activities are included valued at US \$700,000 in 2010 and one activity in 2011 valued at US \$950,000. Japan did not propose any phase-out levels for its ODS disposal projects. These activities were not removed from the business plan submitted to the 60th Meeting.

Spain

48. Although no business plan was submitted during 2010, Spain will submit a request for a tranche for the approved MYA in Mexico valued at US \$893,000. Twenty per cent of Spain's pledged

contributions for 2010 amounts to US \$960,892. Table 9 presents a summary of the resource allocation in Spain's 2010-2014 adjusted business plan.

Table 9

ADJUSTED ALLOCATION OF RESOURCES FOR SPAIN (US \$)

Required by Model	2010	2011	2012	2013	2014	Total (2010 to 2014)
Required for compliance (MYAs and Standard costs)	893,000		893,000			1,786,000
Total	893,000		893,000			1,786,000

RECOMMENDATIONS

49. The Executive Committee may wish to consider noting with appreciation the 2010-2014 business plans of bilateral cooperation submitted by Canada, Czech Republic, France, Germany, Italy and Japan as addressed in document UNEP/OzL.Pro/ExCom/61/8 as adjusted by the Fund Secretariat and taking into account:

- (a) Any modifications based on consideration of the issues and activities addressed in the context of the Consolidated Business Plan; and
- (b) Whether any adjustment is warranted for accelerating phase-out to the year 2010 for LVC countries.
