UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/23/12
21 October 1997

ORIGINAL: ENGLISH

Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Twenty-third Meeting
Montreal, 12-14 November 1997

CONSOLIDATED DRAFT 1997 BUSINESS PLANS OF THE IMPLEMENTING AGENCIES

INTRODUCTION

1. This document provides a summary and analysis of the implementing agencies' draft 1998 business plans according to resource allocation and phase-out information.

Resource allocation

2. In addressing the Three-Year Business Plan of the Multilateral Fund, the Executive Committee set indicative figures for ODS approvals and expenditures for 1997-1999, gave priority to projects with the highest ODP value and short implementation duration, provided for assistance in meeting the 1999 freeze, provided for allocations to all consumption sectors, gave priority to the halon sector, provided a special allocation for LVCs, and provided an allocation for production closure (decision 22/11).

3. Per decision 22/11 (b), the Secretariat sent letters to all countries involved in bilateral activities, asking whether they intended to utilize the full amount allocated to them for bilateral activities. Based on the responses, bilateral activities in 1997 are expected to amount to US $5 million of their allocated share of US $15 million.

4. The anticipated budget for 1998 as per the Three-Year Business Plan was US $146 million. This amount was subsequently increased by US $10 million representing the expected unspent balance in the 1997 bilateral contributions.

5. The Implementing Agencies were advised of the sectoral allocations in 1998 in the light of the Parties' decision on methyl bromide and were requested to prepare their 1998 business plans on this basis, and to indicate their shares in sectoral allocations other than that of the consumption sector.

6. The following table presents by sector the amount allocated, the allocation plus 15 per cent overprogramming, the planned submissions by agency, and the total planned submissions of the Implementing Agencies.

Sector	Three-Year Business Plan (US $ million)		Planned Submissions by the Implementing Agencies (+ overprogramming)(US $ million)				
	Allocation	Allocation plus overpro-gramming	UNDP	UNEP	UNIDO	World Bank	Total
Consumption Sector Investment Projects (including Halon)	71.0	81.7	32.4	n/a	30.2	53.7	116.1
Preparation of Investment Projects	4.0	4.0	1.4	n/a	1.5	1.6	4.5
Non-Investment Projects[1]	9.0	9.0	3.6	8.9	1.8	0.5	14.8
Methyl Bromide[2]	29.0	33.4	6.8	n/a	5.4	13.0	25.2
Low-Volume Consuming Countries	15.0	17.3	5.7	n/a	1.7	0	7.4
Production Sector Investment Projects (CFCs and Halons)	15.0	17.3	0	n/a	0	14.0	14.0
Executive Committee/Secretariat and Monitoring and Evaluation	3.0	3.0	n/a	n/a	n/a	n/a	3.0
Bilateral Co-Operation	10.0	10.0	n/a	n/a	n/a	n/a	10.0
TOTAL	156.0	175.7	49.9	8.9	40.6	82.8	185.0

Total resource allocation

7. The agencies' draft business plans exceed the allocation (including overprogramming) by US $9.3 million. This increase is in activities planned for the consumption sector, investment project preparation, and non-investment projects. However, the totals in the table for the World Bank include US $18 million for contingency projects. Therefore, the overage (US $9.3 million) could be adjusted by the Bank's contingency projects in the consumption sector.

Project preparation

8. Project preparation is US $500,000 more than allocated. This amount may be adjusted for countries in which there are implementation difficulties (low disbursement and taxes and duties).

[1] Non-investment projects include UNEP's core activities, institutional strengthening, country programme preparation, training, potential activities pertaining to decision IX/17, and others.

[2] US $25 million is added to the original allocation of US $4 million to reflect the decision at the Ninth Meeting of the Parties that US $25 million should be allocated for methyl bromide projects.

Non-investment projects

9. Non-investment projects exceed their allocation by at least US $5.8 million. This amount may rise due to statements in UNEP's business plan about additional allocations that were not included in its business plan tables. Planned submissions for non-investment projects may be adjusted as a result of the Committee's consideration of some of the proposed activities, e.g., rationalization/reprioritization of some of UNEP's programme, reduction of some of UNDP's proposed technical assistance projects, and the elimination of duplicative/ineligible activities in UNIDO's draft business plan.

Methyl bromide

10. Allocations were made for methyl bromide projects as a result of the Parties' recent decision requesting the Committee to allocate an additional US $25 million (plus the existing US $4 million allocation) for this sector. With the exception of UNIDO, the development of such projects is in its early stages as some agencies do not know at this time in which countries such activities will occur.

11. Agencies have expressed concerns about the development of methyl bromide projects in the absence of guidelines on the duration period to be used for the calculation of incremental operating costs. UNDP's business plan notes the views of the agencies that a much larger and more logical methyl bromide alternative project portfolio could be developed in 1999 and their suggestion that a total of from US $10 to $15 million should be allocated for 1998 with the balance, US $44 to $49 million allocated for methyl bromide projects in 1999.

Low-volume consuming countries

12. The planned activities in LVC countries is about US $5 million (excluding overprogramming) which is US $10 million less than the indicative allocation in the Three-Year Business Plan.

Production sector

13. No CFC production sector projects are planned to be submitted in 1998, although UNDP, UNIDO, and the World Bank have sought, or will seek project preparation funds in 1998 for this purpose. The completion of guidelines for the sector is a pre-requisite for the submission of such projects. However, due to the Bank's plans for halon production closure funding in 1998 (US $14 million), the planned activities in this sector approximate the allocation.

ODP targets for phase-out

14. The Three-Year Business Plan ODP phase-out targets for 1998 are listed along with the agencies' proposed 1998 business plan information in the following table. The agencies' planned submissions surpass the Three-Year Business Plan targets as presented in the following table:

Agency	UNDP	UNIDO	World Bank	Implementing Agencies Total	Three-Year Business Plan
ODP phase-out (excluding halons)	3,347	4,961	5,532	13,840	10,417
Halon phase-out (ODP tonnes)	950	0	13,840	6,320	6,000
Total (ODP tonnes)	4,297	4,961	10,902	20,160	16,417

15. The Three-Year Business Plan also anticipates that 1998 project approvals will, when implemented, lead to the phase-out of 6,000 ODP tonnes in the halon production sector in 1998. The Bank is projecting that project approvals in 1998 will lead to the phase-out (through production closure) of 5,970 ODP tonnes in the halon production sector.

16. The Three-Year Business Plan's targeted level of phase-out from projects approved before 1998 and the Implementing Agencies' planned phase-out from previous approvals in 1998 is presented in the following table. The agencies will meet the non-halon ODS phase-out target, but not the halon phase-out target. Moreover, the total amount of phase-out foreseen in the Three-Year Business Plan in 1998 will not be met by about 2,600 ODP tonnes.

Agency	UNDP	UNIDO	World Bank	Implementing Agencies Total	Three-Year Business Plan
ODP phase-out (excluding halons)	3,635	4,103	10,257	17,995	10,417
Halon phase-out (ODP tonnes)	23	0	0	23	6,000
Total(ODP tonnes)	3,658	4,103	10,257	18,018	16,417

Format and timing

17. In noting that several Implementing Agencies had not followed the format for the preparation of business plans, the Executive Committee decided that future business plans would not be approved if not presented in the prescribed format (decision 22/6). Agencies have complied with this decision more comprehensively than in previous business plan submissions. However, data are still missing for information for years following the year of the business plan. These data are generally best estimations. This may become more important as Parties approach

the 1999 freeze and interim reductions. The Committee may wish to consider if these data should continue to be provided.

18. Information for planned activities by country subdivided by sector was only provided by UNIDO. This information is necessary to determine potential overlaps in activities. The Committee may wish to require such information in the 1998 business plans to be submitted to its Twenty-fourth Meeting.

19. A list of contingency projects was provided in UNIDO's business plans and UNDP described contingency projects in the text of its plan. The World Bank included US $18 million for contingency projects as part of the cost of its business plan, but did not elaborate further. The Executive Committee may wish to consider requiring an additional table along the lines of UNIDO's submission (Table 5b in its plan) for this purpose in the future.

20. Although UNEP and the World Bank provided their business plans on time, the other agencies submitted their first versions very late. The revisions to the business plans were provided very late as UNEP provided its revision, with unspecified substantive changes, the day before the dispatch. The Committee may wish to request the Implementing Agencies to submit their business plans 8 weeks before the date of the Executive Committee Meeting at which they are presented.

RECOMMENDATION

1. The Executive Committee may wish to consider the above comments in reviewing the Implementing Agencies draft 1998 business plans with a view to recommending modifications for the finalization of such plans for consideration at its Twenty-fourth Meeting.