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Executive Committee of
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Twenty-second Meeting
Nairobi, 28-30 May 1997

UNDP WORK PROGRAMME AMENDMENTS

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

COMMENTS

1. UNDP is requesting approval from the Executive Committee for US $475,000 for work programme amendments as indicated in Table 1.

Table 1:

UNDP 1997 Work Programme Amendments and corresponding funding levels

Country	Activity/Project	Type	Completion Date	Amount Requested (US $)	Amount Recommended (US $)
Argentina	Project preparation in the commercial refrigeration sector	PRP	Dec. 1997	15,000	15,000
Brazil	Project preparation in the general foam sector	PRP	Dec. 1997	45,000	45,000
China	Project preparation in the foam, refrigeration and solvents sector	PRP	Dec. 1997	150,000	110,000
Cuba	Project preparation in the aerosol sector	PRP	Dec. 1997	15,000	15,000
Dominican Republic	Project preparation in the commercial refrigeration sector	PRP	Dec. 1997	10,000	10,000
India	Project preparation in the foam and refrigeration sectors	PRP	Dec. 1997	50,000	50,000
Malawi	Project preparation in the flexible PUF foam sector	PRP	Dec. 1997	5,000	5,000
Mexico	Project preparation in the rigid PUF foam sector	PRP	Dec. 1997	10,000	10,000
Mexico	Update of country programme and survey of ODS use in SMEs and approaches to ODS elimination	TAS	May 1998	100,000	60,000 (condition: all remaining ODS consumers will be identified)

Country	Activity/Project	Type	Completion Date	Amount Requested (US $)	Amount Recommended (US $)
Morocco	Project preparation in the foam sector	PRP	Dec. 1997	20,000	20,000
Paraguay	Project preparation in the rigid PUF foam sector	PRP	Dec. 1997	30,000	30,000
Vietnam	Project preparation in the domestic refrigeration sector	PRP	Dec. 1997	25,000	25,000
Sub-Total				475,000	395,000
Agency support costs	(13%)			61,750	51,350
Total				536,750	446,350

2. The Executive Committee approved US $200,000 for the preparation of a sectoral financing plan for the solvents sector in China at its 21st Meeting. US $40,000 of the project preparation request for China is for the preparation of projects in the solvents sector and is not recommended for approval until the sector strategy is completed.

3. The Executive Committee has approved investment projects in Mexico that will lead to the phase out of 2,133 tonnes of ODS consumption. The Committee has also approved and renewed the institutional strengthening project in Mexico which should equip Mexico with the necessary experience to update its country programme at a cost much less than the amount requested. According to UNDP, the project is to result in the identification of all of the remaining ODS consumers in Mexico.

RECOMMENDATION

1. The Secretariat recommends approval of the 1997 work programme amendments for UNDP implementation at a level of US $395,000 and US $51,350 for support costs as listed in Table 1 above on the condition that the update of Mexico's country programme and SME survey will result in the identification of the remaining ODS consumers in the country.

1997 UNDP WORK PROGRAMME AMENDMENT

(Revised: 21 April 1997)

REQUEST FOR NON-INVESTMENT PROJECT APPROVALS AT THE 22ND EXECUTIVE COMMITTEE MEETING (28-30 May 1997, Nairobi)

1. UNDP submitted its draft 1997 Business Plan for consideration at the 21st ExCom Meeting in February 1997. Based on the decisions taken at that Meeting, which included a decision to front-load the first year (1997) of the three-year 1997-99 replenishment so as to provide an impetus for faster ODS phaseout in Article 5 countries, UNDP has submitted its revised 1997 Business Plan to the 22nd ExCom Meeting for approval.

2. UNDP's draft February 1997 Business Plan proposed formulation of 127 investment projects amounting to $43.05 million that would eliminate a total of 5,720 ODP tonnes in 1997. UNDP's revised May 1997 Business Plan proposes formulation of 156 investment projects amounting to $55.9 million which will eliminate 7,614 ODP tonnes. A comparison between the February 1997 and May 1997 investment project portfolios in the UNDP Business Plan is as follows:

SECTOR	UNDP INVESTMENT PROJECTS		UNDP INVESTMENT PROJECTS	
	Feb. 1997 Business Plan		May 1997 Business Plan	
	$ millions	ODP Tonnes	$ millions	ODP Tonnes
Aerosols	0.08	16	0.13	25
Foams	24.12	3,746	32.83	5,894
Halons	-	-	-	-
Refrigeration	13.95	1,556	18.03	1,422
Solvents	4.90	402	4.89	273
TOTAL	43.05	5,720	55.88	7,614

3. Under its revised May 1997 Business Plan, UNDP would be allocated an additional $12.83 million to eliminate an additional 1,894 ODP tonnes. Of this additional funding, two-thirds would go to the foams sector, and almost one-third to the refrigeration sector, with minute increases in the allocations for aerosols and solvents. For UNDP's revised May 1997 Business Plan as a whole, the sector shares would be foams (58.7%), refrigeration (32.3%), solvents (8.7%) and aerosols (0.3%).

4. **Project Preparation Funds**: UNDP has a remaining balance of project preparation funds of $70,000 from 1996. At its 21st Meeting in Feb. 1997, the Executive Committee approved $1.58 million for UNDP as project preparation funds based on an expected volume of $43.05 million in new investment projects to be formulated and submitted for approved in 1997. However, since UNDP is now expected to have $55.88 million in investment projects formulated and approved in 1997, a 30% increase, UNDP is requesting a very small increase of only $375,000 in project preparation funds in order to formulate the additional $12.83 million in investment projects in 1997.

5. The 11 specific additional project preparation requests totalling $375,000, each with a completion date of December 1997, for which funding is being requested at the 22nd ExCom Meeting are the following:

COUNTRY	REASON FOR REQUEST	US$
Argentina	Addl. inv. project prep. (plus $0.22 million)	15,000
Brazil	Addl. inv. project prep. (plus $1.39 million)	45,000
China	Addl. inv. project prep. (plus $5.7 million)	150,000
Cuba	Preparation of an aerosols project	15,000
Dominican Rep.	Preparation of a commercial ref. project	10,000
India	Addl. inv. project prep. (plus $1.7 million)	50,000
Malawi	Addl. cost for preparation of a foam project	5,000
Mexico	Addl. inv. project prep. (plus $2.4 million)	10,000
Morocco	Addl. inv. project prep. (plus $0.5 million)	20,000
Paraguay	Preparation of foam projects	30,000
Vietnam	Preparation of a domestic ref. project	25,000
TOTAL		375,000

6. **Non-Investment Projects**: UNDP currently has 48 ongoing non-investment projects (22 technical assistance programmes, 3 demonstration projects, 2 training programmes, 1 CP update and 20 institutional strengthening projects). This total includes three requests approved at the 21st ExCom Meeting in February 1997 which are: (a) sectoral financing plan/study for the China solvents sector ($200,000); (b) an update of the China country programme ($225,000); and (c) a 2-year renewal of the Costa Rica institutional strengthening project ($108,000).

7. The Executive Committee is requested to approve only one additional request for a non-investment project in Mexico, a combined project covering an update of the Country Programme and a survey of ODS use in SMEs and approaches to ODS elimination. The combined budget for this project would be $100,000.

8. **Mexico: Update of the Country Programme and Survey of ODS use in SMEs and Approaches to ODS Elimination ($100,000, completion date May 1998)**. The Mexico Country Programme (CP) was approved at the 6th ExCom Meeting in February 1992. In accordance with the CP, Mexico has completed several activities including banning the use of CFCs in the flexible foam sector. Fifty projects amounting to $18.3 million have been approved to eliminate 3,710 ODP tonnes. ODS consumption in Mexico has experienced rapid shifts over the last few years, and alternative technologies have developed rapidly rendering several of the approaches proposed in the original CP obsolete. This CP update will:
   a) Evaluate CP implementation progress and identify successes and weaknesses;
   b) Review the development of alternative technologies in each sector and make recommendations, and review and update sectoral strategies;
   c) Formulate national fiscal/economic policies and regulatory measures for the implementation and enforcement of ODS phaseout policies in the revised CP;
   d) Adjust the ODS phaseout schedules and funding levels as required.

9. A draft CP Update will be prepared by December 1997 for review by the Government. The final CP Update should be ready by March 1998 for submission to the ExCom for approval. Estimated costs for the CP update are $45,000 comprising a national workshop ($5,000), national consultants ($10,000), international consultants ($15,000), travel costs for the survey and workshop ($5,000), communications and miscellaneous costs ($5,000) and report translation/printing ($5,000).

10. Almost all ODS elimination projects approved to date in Mexico are for large and medium scale enterprises. Very limited knowledge is available on Mexican small-scale ODS consuming sectors, and the Govt. is concerned that the programme may be conceived as favouring larger enterprises at the expense of SMEs. The SME sector in Mexico has developed in a widely dispersed manner and as a result has various technological and administrative problems. No one technology model fits the needs of all SMEs in a specific sector due to cost, availability and adaptability of technology and the markets they serve. Due to this, the approaches to ODS elimination for SMEs would have to be qualitatively different from those adopted for larger enterprises.

11. The requested survey will be completed by May 1998, will be managed by INE (Instituto Nacional de Ecologia), will be conducted through the various industry associations within Mexico, and will utilize national staff to gather detailed information on exact ODS consumption, technologies used, investment levels, technician skill levels, employment levels and other data. The data survey form developed for the India SME survey will be adapted for use in Mexico. The survey will assist the Govt. introduce direct and indirect measures to facilitate the transition to non-ODS substances. Estimated costs are $55,000 comprising: a national workshop ($5,000), national consultants ($20,000), data survey assistants ($10,000), local travel for survey and workshop ($10,000), report preparation ($5,000) and document translation/printing ($5,000).