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OVERVIEW OF THE 1997 BUSINESS PLANS OF THE IMPLEMENTING AGENCIES

This document consists of two parts: an evaluation of 1996 business plans and an overview of the 1997 implementing agency business plans. A compilation of agency business plan tables is available by request.

SECTION I: EVALUATION OF 1996 BUSINESS PLAN

Introduction

1. This section gives a general evaluation of the performance of the agencies' 1996 business plans and is intended to assist the Executive Committee in its consideration of the 1997 business plans at this meeting.

2. Assessment of the performance of the plans is based on performance indicators included in the agencies' 1996 business plans, on agency progress reports as at 30 June 1996, and on agencies' estimates thereafter. A more thorough evaluation will be made after the agencies have submitted their next progress report on the status of implementation as at 31 December 1996, which will be submitted to the 22nd Meeting of the Executive Committee.

3. Evaluation of each agency's performance was undertaken with a focus on approvals of the Executive Committee on investment and non-investment activities (e.g. project preparation, UNEP work programme, etc.), ODP phased out from past projects, disbursement of funds to beneficiaries, and speed of delivery of the programme.

APPROVALS

4. The 1996 business plans were based on a budget of US $97 million for investment projects, US $20 million for non-investment projects and administration, and US $15 million for bilateral activities. Almost all of the funds (96 per cent) targeted for investment projects were approved, with the balance to be approved in 1997 against 1996 business plans. Only 66 per cent of non-investment projects were approved primarily due to the fact that 1997 agency work programmes that were anticipated to be approved near the end of 1996, will now be approved in 1997. Only 25 per cent of the US $15 million in funds allocated for bilateral activities were approved.

5. On a sectoral basis, US $57 million was allocated to the refrigeration sector which was the amount of funding targeted for this sector. The next largest level of funding was for the foam sector which was US $24 million, approximately US $3 million more than targeted. Although US $5.7 million and US $2.1 million were targeted for funding in the halon and production sectors, respectively; no funds were allocated for investment projects in these sectors pending the completion of sector strategies and guidelines.

6. Table 1 presents the funding targets and the amount of funds approved by sector and agency in 1996. UNDP had US $1.7 million more approved than targeted. UNIDO and the

World Bank received less than their shares as a result of the absence of guidelines on halon, production and tobacco sector projects which were envisioned in their business plans. Decision 20/11 allows UNDP to nevertheless receive its full share of investment funds in 1997 and UNIDO and the World Bank would receive an additional amount to make up their full shares for 1996. The additional funding to make up their full share of investment funds for 1996 is US $766,438 for UNIDO and US $5,162,365 for the World Bank.

Table 1

1996 FUNDING TARGETS AND PROJECT APPROVALS IN 1996 (in US dollars)

Sector	UNDP		UNIDO		World Bank	
	Target	Approved	Target	Approved	Target	Approved
Aerosol	1,307,107	1,679,926	2,522,919	2,277,073	305,556	420,250
Foam	11,794,110	11,392,545	4,122,457	4,271,042	5,958,333	5,100,583
Halon	1,735,746	-	1,280,523	-	3,055,556	-
Multiple Sectors	-	-	-	-	-	1,130,000
Other	-	-	-	-	152,778	-
Production	-	-	-	-	1,986,111	-
Refrigeration	10,220,530	14,564,813	15,264,655	15,374,443	29,638,889	30,713,147
Solvents	3,942,507	3,109,365	809,447	1,311,003	2,902,778	1,473,654
TOTAL	29,000,000	30,746,648	24,000,000	23,233,562	44,000,000	38,837,635

7. The targeted funding levels for 1996 were to result in the eventual phase-out of 25,596 ODP tonnes. However, the projects approved in 1996 will lead to the phase-out of only 11,675 ODP tonnes or 46 per cent of the plans' targets. This is due in large part to the absence of the halon and production sector projects which were expected to result in a phase-out of 10,483 ODP tonnes.

8. On an agency basis, no agency met its ODP targets for projects approved in 1996 as shown in Table 2. However, UNDP achieved its ODP target for 1996, if the tonnage anticipated for the halon sector is excluded, due in large measure to the Multibras Project which was not included in its original 1996 business plan. Excluding the tonnage for the halon sector, UNIDO achieved about 65 per cent of its target. The World Bank achieved almost 68 per cent of its target if the tonnage for the halon, other (tobacco), and production sectors are excluded.

Table 2

1996 ODP PHASE-OUT TARGETS AND PROJECT APPROVALS IN 1996

Sector	UNDP		UNIDO		World Bank	
	Target	Approved	Target	Approved	Target	Approved
Aerosol	250	250	890	919	150	179
Foam	2,182	1,698	910	702	1,404	1,009
Halon	1,258	-	3,615	-	2,910	-
Multiple Sectors	-	-	-	-	-	400
Other	-	-	-	-	120	-
Production	-	-	-	-	3,800	-
Refrigeration	1,044	1,926	2,729	1,301	4,330	2,668
Solvents	411	183	52	48	4,838	46
TOTAL	5,145	4,056	8,195	2,970	13,157	4,301

9. Cost-effectiveness is the cost of the project (excluding agency fees) divided by the amount in kilograms of ozone depleting potential to be phased out by the project. Overall, the Fund exceeded its cost-effectiveness target for 1996 by US $4.13/kg. because the more cost-effective projects targeted in the halon and production sector could not be approved. The average cost-effectiveness of the agencies' projects approved in 1996 were as follows: UNDP (US $7.58/kg.), UNIDO (US $7.82/kg.), and the World Bank (US $9.03/kg.)

10. The cost of the preparation of investment projects in 1996 was targeted by UNIDO and the World Bank in their business plans as US $10,751 per investment project and three per cent of the value of approved projects, respectively. The costs of project preparation approved in 1996 per investment project approved in 1996 were as follows: UNDP (US $9,529), UNIDO (US $9,040), and the World Bank (US $20,367), representing 2.3 per cent, 1.9 per cent, and 3.4 per cent, respectively, of the value of the approved investment projects.

PERFORMANCE

11. The performance of the business plans is evaluated against the performance indicators provided by the implementing agencies in their business plans.

Performance of Investment Projects

12. In 1996, the agencies indicated that they expected to complete the implementation of projects that would lead to the phase-out of 19,058 ODP tonnes of consumption and production of the 58,373 ODP tonnes that had been approved to be phased out as at 1 January 1996. Through June 1996, agencies had reported the phase-out of 4,260 ODP tonnes; however, the agencies' 1997 business plans estimate that 70 to 80 per cent of targeted phase-out was achieved.

13. In 1996, the agencies indicated that they expected to disburse almost US $136 million in project funding of the balance available as at 1 January 1996 of US $218 million. The agencies had disbursed almost half of their targets by the end of June 1996. On an agency basis, both UNDP and UNIDO had disbursed 76 per cent and 57 per cent of their targets, respectively, while the World Bank had disbursed 35 per cent of its 1996 target; however, agencies estimated in their 1997 business plans that from 60 to 75 per cent of their disbursement targets for 1996 were achieved.

14. The average number of months required to complete investment projects for projects completed through June 1996 is as follows: UNDP (24 months), UNIDO (22 months), and the World Bank (29 months). Only UNIDO targeted the speed of investment project completion by sector in its 1996 business plan. The speed of investment project completion by sector varied from 17 to 24 months for UNDP, from 17 to 28 months for UNIDO, and from 23 to 36 months for the World Bank. Projects approved in 1996 were expected to be completed from 17 to 23 months after approval.

Non-investment Projects

15. Non-investment projects include country programme preparation, institutional strengthening, technical assistance, training, demonstration projects, clearinghouse, networking, and UNEP's other activities.

16. UNDP and UNIDO have completed all of the country programmes in their portfolios. The World Bank has completed all of the country programmes for which it received funding except the country programme of Nigeria. UNEP is currently preparing 20 country programmes, some of which have been under preparation for over two years.

17. UNEP targeted speed of delivery for the first disbursement of institutional strengthening funds in its 1996 business plan as three months after approval. The number of months from approval to first disbursement of institutional strengthening funds are as follows: UNIDO: seven months (five projects), UNDP: 11 months (28 projects), UNEP: 14 months (42 projects), and the World Bank: 29 months (7 projects).

18. For other non-investment projects including technical assistance, training, and demonstration projects, 98 projects approved before 1996 are still under implementation. These projects have a balance of funds available equal to about US $14.4 million.

<u>UNEP's Clearinghouse, Networking, and Information Dissemination Projects</u>

19. Many of the core activities, production of technical materials, all regional workshops and networking are behind schedule. All information on exchange activities, training activities and networking activities are each lumped together, giving one funding figure and one implementation target. A breakdown could facilitate a more transparent evaluation. The possibility of funding backlogs exists especially for networking and other training activities. For networking activities,

performance indicators should include target dates for completing workshops. For instance, the funds approved in March 1994 for the African region were utilized in May and November of 1996. The Executive Committee may wish to request UNEP to make its programme requests more easily tracked under the existing progress reporting system and develop new indicators as needed.

SECTION II: OVERVIEW OF 1997 IMPLEMENTING AGENCY BUSINESS PLANS

Introduction

20. This section consolidates the information included in the agencies' 1997 business plans. The individual agencies' business plans are presented in documents: UNEP/OzL.Pro/ExCom/21/8-11.

21. Each agency's business plan addresses the following topics:

- New funding targets for 1997 and the relationship between the 1991-1996 ongoing activities and their targeted implementation in 1997 by sector and country;

- Target performance indicators for projects approved through 1996 set by the agencies which includes: disbursements, amount and speed of ODS phase-out, time between funding approval and disbursement to enterprises, and cost of project preparation;

- Non-investment projects; and,

- Policy issues and administrative/financial matters that the agencies would like the Executive Committee to address in 1997.

RESOURCES AVAILABLE IN 1997

22. A detailed assessment of resource availability for the 1997-1999 triennium is presented in document UNEP/OzL.Pro/ExCom/21/5. Based on this assessment, it is estimated that the Executive Committee will have approximately US $175 million in cash or promissory notes available for commitment in 1997. Agencies planned their 1997 business on the assumption that about 80 per cent of this amount (US $141 million) would be allocated to investment projects, about 11 per cent (US $19 million) would be allocated to non-investment and administrative activities including US $3 million for methyl bromide demonstration projects, and US $15 million allocated for bilateral activities. An overprogramming of 15 per cent was applied by the implementing agencies to all investment projects cited in their business plans. The agencies have followed the current shares of resources in their 1997 business plans as follows:

Agency	Per Cent of Total	Level of Funds for Investment Projects in 1997
UNDP	30	US $42.3 million
UNIDO	25	US $35.3 million
World Bank	45	US $63.5 million

23. It should be noted, however, that at its last meeting, the Executive Committee decided that the actual figures for the shares for 1997 would be discussed during the consideration of the implementing agencies' 1997 business plans (decision 20/11).

24. UNEP has estimated an amount of over US $6 million (UNEP/OzL.Pro/ExCom/21/9, UNEP 1997 Business Plan) in new funding in its 1997 business plan.

TARGETED APPROVALS

25. Table 3 presents information on project preparation, funding estimates for investment projects to be submitted in 1997 and early 1998, and the ODP represented by those projects. Implementing agencies submit project preparation requests through their work programmes for approval of the Executive Committee. The amounts to be requested in 1997 and the surplus from 1996 project preparation funding are presented in Table 3. By approving the project preparation requests, the Executive Committee is, in effect, targeting a certain sector and country allocation for investment projects. For this reason, close scrutiny should be given to project preparation requests as provided in the implementing agencies' work programmes, UNEP/OzL.Pro/ExCom/21/15-18, in the light of the sectoral, ODS, and country allocation that is projected to result as indicated in Table 3.

Table 3

PROJECT PREPARATION AND FUNDING TARGETS

Item	Project Preparation (US$ thousands)		1997 Submissions			1998 Submissions		
	Estimated Surplus from 1996*	1997 Request**	Number of Projects	Value (US$ thousands)	ODP	Number of Projects	Value (US$ thousands)	ODP
BY SECTOR								
Aerosol	53	69	30	7,025	2,366	8	1,560	390
Foam	144	1,080	113	40,726	6,314	19	4,800	660
Halon	-	-	12	12,000	6,250	-	-	-
Methyl Bromide	-	100	4	2,546	-	3	2,000	-
Production	-	120	-	-	-	1	5,000	5,000
Refrigeration	150	1,030	92	76,564	7,265	7	6,200	610
Several	107	1,807	-	-	-	-	-	-
Solvent	70	148	32	6,570	539	-	-	-
Tobacco	50	-	1	1,000	50	-	-	-
Un-allocated	-	489	-	-	-	10	3,000	375
Grand Total	574	4,843	284	146,431	22,784	48	22,560	7,035
BY ODS								
CFC	574	4,608	263	131,505	16,526	44	15,560	2,035
Halon	-	-	12	12,000	6,250	-	-	-
Methyl Bromide	-	100	4	2,546	-	3	2,000	-
Production	-	120	-	-	-	1	5,000	5,000
TCA	-	15	5	380	8	-	-	-
Grand Total	574	4,843	284	146,431	22,784	48	22,560	7,035
BY COUNTRY GROUP								
I - High Consuming	216	2,275	146	98,573	16,295	10	4,980	540
II - Medium Consuming	239	1,771	87	38,442	5,620	31	16,780	6,375
III - Low Consuming	120	747	51	9,346	839	5	500	80
Grand Total	574	4,793	284	146,361	22,754	46	22,260	6,995
BY AGENCY								
UNDP	160	1,817	134	43,049	5,720	11	8,000	5,375
UNIDO	307	969	79	38,767	4,529	35	14,260	1,620
World Bank	107	2,007	71	64,545	12,505	-	-	-
Grand Total	574	4,793	284	146,361	22,754	46	22,260	6,995

* Actual data through September 1996 for UNIDO.

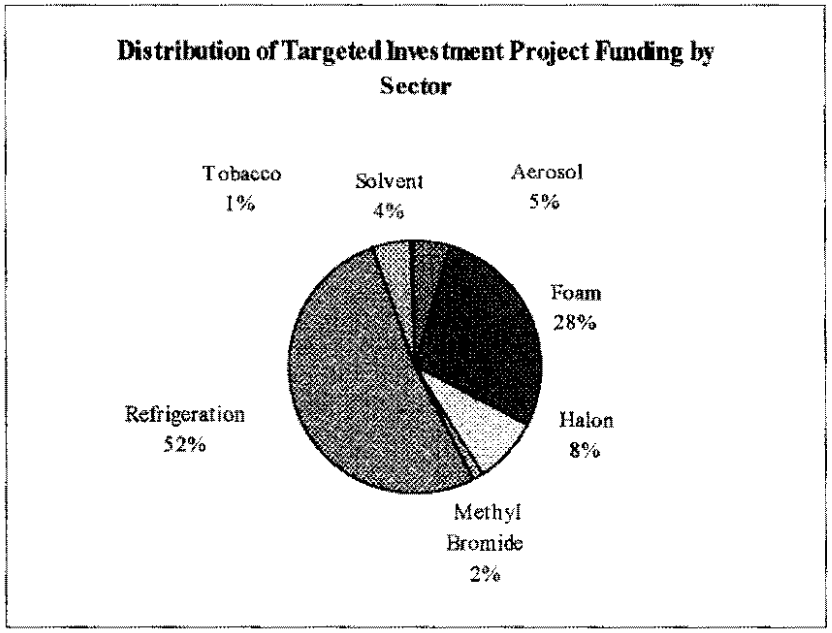
** UNIDO's project preparation request by sector is US $50,000 more than by country.

Source: Sector and ODS: Table 2; 1997 Implementing Agency Business Plans.
Country Group and Agency: Table 5, 1997 Implementing Agency Business Plans.

1997 FUNDING TARGETS

26. Figure 1 presents targeted investment project funding by sector. The refrigeration and foam sectors are again targeted for the largest amount of funding. Funding in the aerosol and solvent sectors also reflect historic trends.

Figure 1



27. The data in Table 3 indicates that almost 90 per cent of funding is targeted for CFC consumption phase-out which should assist in helping countries meet their 1999 freeze targets. 67 per cent of 1997 funding (US $98.5 million) is targeted for those high consuming countries.

ODP Phase-out Represented by 1997 Funding Targets

28. Table 3 also presents data on the amount of ODP phase-out represented by the 1997 funding targets. Overall, investment project approvals in 1997 should result in the phase-out of 22,784 ODP tonnes. By sector, the largest phase-out should occur in the refrigeration and foam sectors, 7,265 and 6,314 ODP tonnes, respectively. Halon sector projects are targeted to phase-out 6,250 ODP tonnes.

29. By country group, over 70 per cent of the ODP phase-out to result from targeted funding should occur in high consuming countries. Over 800 ODP tonnes is expected to be phased out in low consuming countries.

30. On an agency basis, the World Bank's projects will generate the largest amount of phase-out which is due primarily to the halon sector projects in China that represent about half of the total phase-out from targeted Bank projects.

31. Table 4 presents the historic cost-effectiveness of investment projects and the targeted cost-effectiveness by sector/sub-sector and agency. The table also includes the cost-effectiveness thresholds as determined at the 16th Meeting of the Executive Committee. Each agency is projecting higher cost-effective ratios than those achieved historically. Targeted submissions for several sub-sectors (those shaded in Table 4) exceed the established thresholds.

Table 4

COST-EFFECTIVENESS BY AGENCY

Sector/Sub-Sector	Threshold	UNDP		UNIDO		World Bank	
		To-Date	1997	To-Date	1997	To-Date	1997
Aerosol	4.40	3.79	4.69	1.99	4.18	0.56	2.63
Foam--Flexible Polyurethane	6.23	4.09	5.87	4.17	5.95	4.53	6.00
Foam--General	9.53	6.84	3.98	n/a	7.33	4.87	10.00
Foam--Integral Skin	16.86	10.01	29.80	6.20	n/a	n/a	15.00
Foam--Polystyrene/Polyethylene	8.22	3.66	8.30	3.91	n/a	2.68	20.00
Foam--Rigid Polyurethane	7.83	7.58	7.53	2.75	11.11	6.36	4.66
Halon--Non-Recycling	1.48	0.54	n/a	0.34	n/a	0.70	6.00
Refrigeration--Commercial	15.21	14.15	12.91	12.97	4.03	9.88	9.09
Refrigeration--Domestic	13.76	8.92	6.41	10.40	40.00	17.48	11.46
Solvent--CFC-113	19.73	18.81	17.76	14.11	n/a	n/a	n/a
Solvent--TCA	38.50	44.99	n/a	25.78	47.50	n/a	n/a
Total		6.66	7.53	7.34	8.52	4.39	5.16

NON-INVESTMENT PROJECTS

32. Non-investment projects include project preparation, country programme preparation, demonstration projects, institutional strengthening, technical assistance, and training not included in investment projects, in addition to UNEP's clearing-house function, networking, and other activities.

Project Preparation

33. Most project preparation (95 per cent) is planned for CFC consumption phase-out. Sectoral information is incomplete because the World Bank did not provide data by sector. The

estimated costs of 1997 project preparation are: US $14,753 for UNDP, US $16,152 for UNIDO, and US $19,757 for the World Bank.

34. Decision 19/10 allows the implementing agencies, commencing with the 1997 business plans, to set aside 10 to 15 per cent of their total project preparation funding to cover unforeseen project preparation activities. Thus, the requests for such activities by agency are: US $150,000 for UNDP, US $139,000 for UNIDO, and US $200,000 for the World Bank.

Other Non-Investment Projects

35. Table 5 provides information about other non-investment projects by project type, by country group and by agency. On an agency basis, all of UNEP's 1997 work programme is classified as other non-investment projects.

36. A total of US $11.2 million is being requested for other non-investment projects. About 36 per cent of other non-investment projects is for methyl bromide demonstration projects, which exceeds the limit of US $2-3 million for such projects established for the first tranche of projects in decision 20/49.

37. About half of the funds available for ongoing projects plus the additional funds requested in 1997 should be disbursed by the end of 1997. A significant amount of funding (over US $7 million) is not expected to be disbursed until after 1997.

38. Table 5 indicates that more non-investment projects are intended for medium consuming countries than for low and high consuming countries; however, low consuming countries are targeted for more funding than for high consuming countries. Data for high and low consuming countries does not include global or regional funding. Of UNEP's available funds plus 1997 requests, US $3.2 million will not be disbursed until after 1997. Project completion dates were not provided for several UNEP global and regional projects.

Table 5

NON-INVESTMENT PROJECTS

Item	Funding available for ongoing projects	1997 Request	Disbursement (US$ thousands)		
	(US $thousands)		Estimated through 1996*	Targeted for 1997	Targeted after 1997
By Type					
Country Programme Preparation	1,002	957	473	885	568
Demonstration Project**	561	4,046	168	170	223
Institutional Stregthening	13,692	1,308	5,554	3,807	4,998
Operationally Completed	3,866	-	3,810	56	-
Technical Assistance	6,322	3,960	3,800	4,770	1,243
Training	397	965	259	937	164
Grand Total	25,841	11,237	14,063	10,625	7,196
By Country Group					
I - High Consuming	6,574	435	3,001	1,955	1,994
II - Medium Consuming	13,563	6,417	8,580	6,394	2,416
III - Low Consuming	5,705	1,839	2,482	2,276	2,787
Grand Total**	25,841	11,237	14,063	10,625	7,196
BY AGENCY					
UNDP	15,611	2,131	9,431	3,312	3,499
UNEP	6,919	6,088	3,195	6,141	3,199
UNIDO**	1,026	2,918	530	509	361
World Bank	2,285	100	906	662	136
Grand Total**	25,841	11,237	14,063	10,625	7,196

* Actual data for the World Bank through June 1996.

** Disbursement data was not provided for UNIDO's US $2.546 million of methyl bromide demonstration projects. This amount was also included by UNIDO in its funding targets for investment projects.

Source: Table 3, 1997 Implementing Agency Business Plans.

DISBURSEMENT

39. Targeted disbursement in 1997 by sector cannot be assessed because the World Bank did not provide information by sector. Instead, the Bank provided a total amount of disbursements which is included in the "Several" category. It appears that the agencies are attempting to improve disbursements in high consuming countries in 1997. Overall, by the end of 1997, the implementing agencies expect to disburse 63 per cent of funds approved through 1996.

ODP PHASE-OUT IN 1997

40. Table 6 presents information on ODP phase-out by sector, by ozone depleting substance and agency, and by country group. Over 20 per cent of the ODP approved for phase-out through 1996 has been phased out, which represents over 16,000 ODP tonnes. About one-third of the tonnage phased out through 1996 is for the halon/production sectors.

41. Targeted phase-out data were provided by all agencies by country. By the end of 1997, 62 per cent of the approved phase-out through 1996 (over 47,600 ODP tonnes) is expected to be phased out, of which about 32,000 ODP tonnes will be phased out in high consuming countries.

Table 6

PHASE-OUT (in ODP tonnes)

Item	ODP from Approved Projects	ODP Phased Out or to be Phased Out			Percentage of ODP Represented by Approved Projects, Phased Out or to be Phased Out		
		Estimated through 1996*	Targeted for 1997	Targeted after 1997	Estimated through 1996*	Targeted for 1997	Targeted after 1997
BY SECTOR							
Aerosol	21,150	701	1,312	1,712	3%	6%	8%
Foam	20,922	4,417	4,024	6,257	21%	19%	30%
Halon	5,163	3,142	328	328	61%	6%	6%
Other	405	n/a	n/a	n/a	n/a	n/a	n/a
Production	3,426	2,400	n/a	n/a	70%	n/a	n/a
Refrigeration	23,379	4,548	2,768	6,242	19%	12%	27%
Several	480	-	n/a	n/a	0%	n/a	n/a
Solvent	1,389	825	106	221	59%	8%	16%
Grand Total**	76,313	16,033	31,582	28,698	21%	41%	38%
Cumulative including previous years	76,313	16,033	47,615	76,313	21%	62%	100%
BY ODP & AGENCY							
CFCs							
UNDP	17,266	3,399	3,510	10,358	20%	20%	60%
UNIDO	10,359	1,639	4,653	4,066	16%	45%	39%
World Bank	40,017	5,425	n/a	n/a	14%	n/a	n/a
HALONS							
UNDP	656	-	328	328	0%	50%	50%
UNIDO	1,480	1,480	-	-	100%	0%	0%
World Bank	3,027	1,662	n/a	n/a	55%	n/a	n/a
PRODUCTION							
World Bank	3,426	2,400	n/a	n/a	70%	n/a	n/a
TCA							
UNIDO	34	24	2	9	71%	4%	25%
World Bank	49	4	n/a	n/a	8%	n/a	n/a
Grand Total**	76,313	16,033	31,582	28,698	21%	41%	38%
Cumulative including previous years	76,313	16,033	47,615	76,313	21%	62%	100%
BY COUNTRY GROUP							
I - High Consuming	50,461	9,494	22,263	18,908	19%	44%	37%
II - Medium Consuming	23,787	6,700	7,944	8,434	28%	33%	35%
III - Low Consuming	2,068	184	1,053	878	9%	51%	42%
Grand Total	76,316	16,378	31,261	28,220	21%	41%	37%
Cumulative including previous years	76,316	16,378	47,639	75,858	21%	62%	99%

* Actual data through June 1996 for the World Bank.

** World Bank phase-out included in total, but targets are not available by sector.

Source: Sector and ODP & Agency: Table 1; Country Group: Table 4, 1997 IA Business Plans.

SPEED AND COST OF PROJECT DELIVERY

42. The guidelines for business plans also require implementing agencies to develop their own performance indicators to enable an assessment of their activities. Those indicators can be grouped into the speed and cost of project delivery, phase-out disbursement and cost-effectiveness targets, and amount of ODP phased out. Performance indicators for cost-effectiveness and phase-out were presented in Tables 4 and 6, respectively.

43. The time expected to elapse between project approval and first disbursement is: 9 to 11 months for UNDP, 6 to 7 months for UNIDO, and 10 months for the World Bank. UNDP indicated that its average investment project should be completed in 24 months. UNIDO provided targets for project completion (phase-out) by sectors as follows: 12-13 months for aerosols, 12-13 months for foams, 18-19 months for halons, 24-25 months for refrigeration (domestic), and 12-13 months for solvents. The World Bank did not provide a target for speed of project completion.

44. The cost of project preparation was estimated by UNIDO as US $13,293 per investment project or US $0.25/kg. ODP phased out for projects to be approved in 1997. The World Bank stated that its project preparation costs in 1997 will be in the range of 2 to 3 per cent of the value of these projects. UNDP did not provide a target for the cost of project preparation.

45. The following amounts of disbursement are targeted for 1997 against approvals to-date: UNDP (US $38.7 million), UNIDO (US $30.4 million), and the World Bank (US $63.6 million). UNIDO is targeting 76 per cent of the remaining balance of investment projects to be disbursed in 1997. By comparison, UNDP is targeting 36 per cent and the World Bank 41 per cent.

POLICY ISSUES

46. The following policy issues and administrative/financial matters were articulated in the agencies' 1997 business plans:

- Approaches to funding SMEs;
- Establishment of sector priorities;
- Approval and expansion of sector approaches;
- Guidance on meeting competing goals of meeting the 1999 freeze, the needs of SMEs, and for sector approaches;
- Approval of guidelines for the tobacco and production sectors;
- Delays caused by countries requiring payment of duties and tariffs; and
- Promissory note encashment.

RECOMMENDATIONS

47. The Executive Committee has taken several decisions to be reflected in the 1997 business plans. At its 18th Meeting, the Committee decided that "commencing in 1997, all new projects approved by the Executive Committee would receive funding in accordance with the business plans (decision 18/11). At its 20th Meeting, the Committee decided to request the implementing agencies to prepare their 1997 business plans and work programmes after consultation with the Article 5 countries with whom they would be working in 1997 and to focus on compliance with commitments under the Montreal Protocol, with due attention to Executive Committee decision 19/4 which seeks information about how projects would contribute to helping the country to achieve its 1999 freeze.

48. The Executive Committee may wish to consider:

1. An update of the implementing agencies' 1996 performance evaluation at its 22nd Meeting when actual data on the performance for the entire year of 1996 are available.

2. Establishing standard indicators to assess the performance of the agencies in future business plans.

3. Specific actions to expedite project implementation and request reports on projects with long delays, as well as those projected to be delayed.

4. Remedial action for incomplete information in the business plans and the work programmes that support them.

5. Requesting UNEP to make its programme requests more easily tracked under the existing progress reporting system and develop new indicators as needed.

6. Whether the overall funding and performance targets are appropriate for 1997 within the context of the work programme funding requests for non-investment activities and the individual agencies business plans.

7. Whether the Committee wants to maintain the existing investment project funding shares of the implementing agencies.

8. Policy issues raised in the agencies' 1997 business plans.

9. Whether the business plans should be revised and re-submitted to the 22nd Meeting in light of their consideration by the Committee.