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Executive Committee of
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Implementation of the Montreal Protocol

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UNEP 1997 BUSINESS PLAN

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

COMMENTS

1. UNEP's 1997 Business Plan is similar to its 1996 Business Plan. The plan, like the work programme, could be broadly categorized into:

- (a) core clearinghouse activities
- (b) country programme preparation
- (c) institutional strengthening
- (d) programmes responding to country/regional needs (e.g. sectoral workshops/training in specific areas, such as customs)

2. UNEP expects to complete most of the ongoing core clearinghouse activities of its 1996 Business Plan by the end of May 1997. It will continue implementation of 42 institutional strengthening projects and complete 10 country programme preparation activities. However, no information is provided on the progress of the 1996 Business Plan measured against the performance indicators that UNEP established for the Business Plan.

3. The 1997 Business Plan envisions increases in funding for the core activities as well as the country-specific activities. The activities proposed for the 1997 business plan are estimated at a total of US \$6,087,500, which includes US \$1,423,000 for country programme preparation and institutional strengthening projects. The funding for the 1997 Business Plan compares with that of the 1996 Business Plan as follows:

	1997 Business Plan (US \$)	1996 Business Plan (US \$)
• Core clearinghouse activities:		
- Information exchange	1,725,000	1,200,000
- Training	610,000	400,000
- Networking	1,524,500	900,000
Sub-Total	3,859,500	2,500,000
• Other activities		
- Country-specific activities	655,000	0
- Travel and Advisory Group meetings	150,000	0
Sub-Total	805,000	0
• Country programmes and institutional strengthening	1,423,000	1,670,000
Total	6,087,500	4,170,000

6. The total funding allocation for the 1997 Business Plan compared to that of the 1996 Business Plan shows an increase of 46 per cent, while for the core clearinghouse the increase is 54 per cent. The components of the core clearinghouse, namely information exchange, training and networking showed increases of 43 per cent, 53 per cent and 69 per cent respectively. In view of the close relationship between UNEP's Business Plan and its Work Programme, these substantial increases would be reflected in the 1997 Work Programme, being submitted for approval by the Executive Committee.

4. The country-specific activities in the 1997 business plan are national train the trainer programmes in 3 countries in Latin America and development of refrigerant management plans in ten countries. The 1996 business plan did not have a similar component.

5. Several aspects of the business plan have been discussed with UNEP. The Fund Secretariat indicated that a number of activities (which have also been included in the 1997 work programme) may not be eligible for funding. These include:

(a) the country specific training activities in:

- (i) Argentina: the project (a three phase project) is being undertaken under bilateral co-operation. The next two stages of the project as originally designed, including the second stage which UNEP is proposing to implement, contain investment elements which would be beyond UNEP's mandate;
- (ii) Guatemala and Peru: The countries have been provided adequate funding for a similar activity which is under implementation by another implementing agency.

6. UNEP was advised to defer the development of refrigerant management plans for 10 countries until after the trial development of such plan in St. Lucia and Guinea has completed, considering that approval of funding of the project in these two countries at the 21st Meeting was foreseen. Similarly, UNEP was advised to defer the request for funding of the regional workshop to pilot training module on policy design and setting up of legislation for Latin America since the module which will be the basis of the training is still under preparation.

7. UNEP has proposed 11 parameters as indicators for evaluating the performance of the 1997 Business Plan. While a number of the indicators provide specific measurable targets, several of them are subjective indicators which do not provide specific targets by which the performance could be evaluated.

RECOMMENDATION

1. Taking account of the Fund Secretariat's comments on UNEP's 1997 Business Plan, the Executive Committee may wish to consider the Business Plan and give guidance to UNEP, as necessary, to revise the Business Plan and submit it for consideration at the 22nd Executive Committee Meeting.

UNEP 1997 BUSINESS PLAN

I. Multilateral Fund Targets

Three Year Business Plan

UNEP's OzonAction Programme is an "enabling" programme designed and implemented to help developing countries to strengthen their respective capacities to meet their commitments under the Montreal Protocol. It accomplishes this goal primarily by providing support services to National Ozone Units (NOUs), which have been identified by their Governments as the focal points for ozone protection issues in their countries. These units assist their Governments in taking decisions on technical and policy issues relating to the phase out of ozone depleting substances (ODS).

UNEP's activities fall into the following main categories:

- "core clearinghouse" activities consisting of global and regional information exchange, training and Networking of ODS Officers;
- Country Programme preparation (CP) and Institutional Strengthening projects (IS); and
- country-specific support activities specified in the Country Programme and approved by the Executive Committee (e.g. national training projects).

The continuing need for non-investment projects including the strengthening of support activities (e.g. the clearinghouse function, development and enforcement of national policies required to implement investment projects) has been identified by UNEP's Technology and Economic Assessment Panel (TEAP) in its *Study on Replenishment of Multilateral Fund for 1997-1999* as a element required for the successful implementation of the Montreal Protocol.

During the last Inter-Agency meeting (Montreal, 12-13 December), US\$ 48 million has been allocated for non-investment activities, which includes UNEP's "core clearinghouse" programme, CPs, IS projects, and the "Special Categories" as designated by the Executive Committee.

Resource Allocation

Approximately 60% of all UNEP's activities approved up to June 1996 have been completed. The disbursement ratio¹ of approximately 66%. To date, UNEP has completed 49 CPs and initiated 42 IS projects.

For 1997-1999, the "core clearinghouse" allocation is estimated at US\$ 12 million, i.e. the same level as allocated in the 1994-1996 *Three Year Rolling Business Plan of the Multilateral Fund*. (The actual funding for 1994-96 for UNEP's activity were however US\$6.46 million, i.e. about 50% of planned allocation). The funding allocation for the individual component activities (i.e. information exchange, training, and networking) is included in UNEP's 1997 Work Programme presentation at the 21st Executive Committee meeting.

During 1997-1999, CP preparation (29 new countries) and IS projects (for 21 countries whose CPs are on-going and 29 countries who are yet to start CPs) is expected to cost US \$5.0 million. The expected replenishment of IS projects is estimated to require US \$ 2.5 million. The cost related to the development of Refrigerant Management Plans and their implementation are excluded from the above costs (see below).

Special Initiatives

The major new initiative UNEP will undertake is to adapt and re-orient its "core clearinghouse" activities, CP preparation and IS activities to help developing countries to meet the first control measure of the Montreal Protocol that applies to Article 5 countries, i.e. the freeze of consumption of Annex A CFCs. Of particular importance is support for the implementation of domestic policies of the Article 5 countries to help them to meet the 1999 freeze, such as legislation, regulatory controls, and the introduction of incentive regimes (domestic taxes, import taxes and controls, pricing policies). Such measures are expected to make substantial contributions to the success of the investment projects approved so far by the Multilateral Fund and reinforce market-led phase-out.

Within this initiative, the major actions are:

- assist Article 5 countries, in collaboration with other Implementing Agencies, through an on-going Policy Dialogue whose aim is to expedite the establishment and enforcement of the necessary policy instruments; and
- using both the Networks of ODS Officers and the IS mechanisms, assist with the improvement of data reporting by NOUs to enable accurate

¹ "Disbursement ratio" is the total of funds disbursed as a percentage of funds approved. This is calculated for all approved activities, both completed and ongoing.

and timely monitoring of the countries' progress towards compliance with the 1999 targets;

- per Executive Committee Decision 20/40, carry out an assessment of whether the funding allocated for projects in Low-Volume ODS-Consuming Countries (LVCs) would be sufficient to enable compliance by those countries with the 1999 control measures;
- through information exchange, UNEP will raise awareness on ozone issues amongst the following groups specifically to expedite the implementation of domestic policies:
 - parliamentarians;
 - consumer groups; and
 - high-ranking government officials.

In addition to these initiatives to support the 1999 freeze, the OzonAction Programme proposes to undertake the following initiatives, while at the same time fulfilling the continuing needs of Article 5 countries:

- implement the training strategy that was endorsed in Executive Committee Decision 19/39, in order to promote coordinated, cost effective training;
- per Decision 7/25(d) of the Parties and Decisions 19/30, 20/4, and 20/40 of the Executive Committee, and in cooperation with the other Implementing Agencies involved in these countries, develop a framework and implement an overall approach for addressing the needs of LVCs. This would include the preparation of Refrigerant Management Plans for selected LVCs on a trial basis;
- per Decision 8/17 of the Parties, collect from Parties not operating under Article 5 estimates of their approximate halon surplus/deficit relative to their assessment of their critical needs for the purpose of meeting fully or partly the needs of Article 5 countries;
- proactively disseminate:
 - Executive Committee policies, procedures, guidelines, criteria, and the *Inventory of Legislation and Regulations*;
 - policy case studies;
 - policy guidelines for implementation of recovery and recycling projects;
 - policy requirements to implement good practices in refrigeration, refrigerant management and solvent sectors; and
 - results of the demonstration projects completed by other Implementing Agencies.

- leverage bilateral assistance to implement the phase-out in LVCs and VLVCs;
- jointly with the other Implementing Agencies, develop a "Support Strategy" for establishing policies to implement national sectoral strategies being developed by the other Implementing Agencies and countries; and
- per Decision 7/22, Annex V, Action 22 (b) of the Parties and based on guidance from the Executive Committee, collaborate with TEAP to intensify efforts to prepare inventory and assessment of alternative technologies and know-how including terms under which transfer of such technologies and know-how could take place.

II. Planned Business Activities

Funded Activities

Most of the on-going activities are expected to be completed by the end of May 1997², though the follow-up on these activities through global clearinghouse mechanism will continue.

With regard to CP preparation and IS projects:

- 10 on-going CPs are expected to be completed by 1997; and
- 42 IS projects would continue to be implemented during 1997.

Programme Expansion

The programme's "core clearinghouse" activities will expand to include the following new activities:

- provide non-investment support activities related to the methyl bromide sector;
- provide further assistance to implement the overall approach for LVCs and carrying out policy dialogue through Regional Networks.
- within the context of the implementation of the training strategy endorsed by the Executive Committee, address requests from NOUs for the various components of the Refrigerant Management Plans;

² i.e. the end of the 12-month period from the approval of the 1996 Work Programme.

- extend the Regional Networks of ODS Officers to include additional Article 5 countries, specifically those in the *Asian* and the *Central & Eastern Europe & Baltics* regions;
- undertake a study through search of available information on on-going work on the applicability of hydrocarbons alternatives as "drop-in" replacements for domestic and commercial refrigerators in Article 5 countries.

With regard to CP preparation and IS projects:

- 12 new IS projects will be initiated after approval by the Executive Committee;
- 5 projects for IS replenishment are expected during 1997; and
- 7 new requests for preparation of CPs may be made during 1997 by countries that are expected to become Parties to the Montreal Protocol within this time frame.

Requests that may arise during 1997 for assistance in updating CPs, are not taken into account in the above costs. Such project proposals would be presented to the Executive Committee during 1997 for consideration above and beyond UNEP's approved 1997 Work Programme.

Refrigerant Management Plans for 10 LVCs will be developed jointly with UNDP and UNIDO on a trial basis.

The estimated level of required funding for 1997 is:

- US\$ 3.5 million for "core clearinghouse" activities;
- US\$ 1.5 million for CPs and IS projects; and
- US\$ 0.7 million for National Support Activities (i.e. training and Refrigerant Management Plans for 10 countries on a trial basis).

III. Performance Indicators

UNEP proposed to the following performance indicators:

- Timely delivery of the Programme as per the specific time frames defined for each activity;
- The number of awareness-raising activities initiated by the countries as a result of our publications;
- Policies initiated by countries either as a result of networking, training or information exchange, even through CP and IS;

- Significant improvement in data reporting and enacting the legislation and policies for ODS phase-out in Networking countries;
- An average of 3 months to disburse the funds to the country to start the IS projects;
- An average of 15 months to complete the CP from the date of approval of the funds for the preparation of the CP;
- Two updates of OAIC-Diskette version to include *inter alia* policy and guidelines of Executive Committee;
- Four quarterly newsletters and two special supplements; and
- reduction in ODS consumption over and above that effected by investment projects.
- Extent to which experience achieved through UNEP's activities is used in the adoption and adjustment of ODS phase-out strategies by Network Countries (qualitative).
- Number of joint activities in which Network members are involved.
- The extent to which the networks are used by the agencies and the secretariats in developing their work or explaining new policies.

IV. Policy Issues

The following issues are needed to be addressed by the Executive Committee for their resolution in 1997:

- Overall approach and integrated phase out plan for implementation of the CP in LVCs including development and implementation of Refrigerant Management Plans; and
- Evaluation and monitoring guidelines for IS projects.

V. Administration and Financial Matters

Reducing resource-intensive reporting by UNEP recognizing special nature of UNEP's activity and without diluting the requirement of the Executive Committee.

Table 3: Non-Investment Projects

Country	Region	Type	Title	Project Funding (US\$ 1000)		Disbursements by the Agencies (US\$ 1000)			Date of completion	
				Already Approved	To be requested In 1997	To-date	Year of Plan (1997)	Following Years	Activity (mo-yr)	Financing (mo-yr)
Antigua & Barbuda	LAC	CPG	Country Programme Preparation	30	-	20	10	-	2-97	2-97
			Institutional Strengthening		40		10	40	8-00	8-00
Algeria	AFR	INS	Institutional Strengthening	297	-	84	110	103	7-98	7-98
Bahamas	LAC	INS	Institutional Strengthening	50	-	-	20	30	12-99	12-99
Bahrain	AFR	INS	Institutional Strengthening	68	-	-	20	46	12-99	12-99
Barbados	LAC	INS	Institutional Strengthening	138	-	23.5	25	87.5	12-98	12-98
Benin	AFR	INS	Institutional Strengthening	50	-	12	15	23	1-99	1-99
Brunei	ASP	CPG	Country Programme	40	-	30	10	-	6-97	6-97
			Institutional Strengthening		40		5	35	12-00	12-00
Bolivia	LAC	INS	Institutional Strengthening	91	-	32	30	29.4	2-99	2-99
Botswana	AFR	INS	Institutional Strengthening	90.2	-	31.9	20	38.3	3-98	3-98
Burkina Faso	AFR	INS	Institutional Strengthening	83.5	-	67.40	16.1	-	7-97	7-97
			Institutional Strengthening*		55.7		10.0	45.7	8-99	8-99
Cameroon	AFR	INS	Institutional Strengthening	161	-	129.20	31.8	-	7-97	7-97
			Institutional Strengthening*		100		20.0	87	8-99	8-99
Central African Republic	AFR	INS	Institutional Strengthening	45.6	-	18	15	12.5	1-99	1-99
Chad	AFR	CPG	Country Programme	40	-	10	30	-	12-97	12-97
Comoros	AFR	CPG	Country Programme	33	-	15	18	-	6-97	6-97
Congo	AFR	INS	Institutional Strengthening	69.92	-	22.24	24	23.68	12-98	12-98
Côte D'Ivoire	AFR	INS	Institutional Strengthening	122.80	-	43	30	49.8	1-98	1-98
Croatia	EUR	INS	Institutional Strengthening	101.2	-	-	30	71.2	12-99	12-99
Dominica	LAC	CPG	Country Programme		40		10	30	12-98	12-98
Dominican Republic	LAC	INS	Institutional Strengthening	155	-	54	49	52	12-98	3-99
El Salvador	LAC	CPG	Country Programme	40	-	30	10	-	2-97	9-97
			Institutional Strengthening		66		12	54	9-00	9-00
Ethiopia	AFR	INS	Institutional Strengthening	60.5	-	-	25	35.5	12-99	12-99
Fiji	ASP	INS	Institutional Strengthening	65.89	-	22	20	23.89	1-98	1-98
Gabon	AFR	CPG	Country Programme	43	-	33	10	-	3-97	3-97
		INS	Institutional Strengthening		50	-	20	30	12-99	12-99

Gambia	AFR	INS	Institutional Strengthening	50	-	-	20	30	12-99	12-99
Guatemala	LAC	INS	Institutional Strengthening	172	-	148	24	-	9-97	12-97
			Institutional Strengthening*		114		15	99	10-99	10-99
Grenada	LAC	CPG	Country Programme		40	-	20	20	12-98	12-98
Guinea	AFR	INS	Institutional Strengthening	46	-	9.8	15	21.2	1-99	1-99
Guinea Bissau	AFR	CPG	Country Programme		40		10	30	12-98	12-98
Guyana	LAC	CPG	Country Programme	40	-	30	10	-	5-97	5-97
	LAC	INS	Institutional Strengthening		60	-	10	60	11-00	11-00
Honduras	LAC	INS	Institutional Strengthening	60	-		24	38	3-00	6-00
Jamaica	LAC	INS	Institutional Strengthening	68	-	-	20	46	12-99	12-99
Kiribati	ASP	CPG	Country Programme	20	-	-	20	-	6-98	6-98
Korea	ASP	CPG	Country Programme	40	-	30	10	-	1-97	1-97
	ASP	INS	Institutional Strengthening		140		50	93	4-00	4-00
Lebanon	ASP	INS	Institutional Strengthening	179	-	-	50	129	12-99	12-99
Lesotho	AFR	INS	Institutional Strengthening	30	-	-	10	20	12-99	12-99
Malawi	AFR	INS	Institutional Strengthening	77	-	32.00	25	20	1-98	1-98
Mali	AFR	CPG	Country Programme	40		15.00	25		1-98	1-98
Madagascar	AFR	CPG	Country Programme		50		15	35	12-98	12-98
Maldives	ASP	INS	Institutional Strengthening	41.25	-	31.5	9.75	1	12-97	12-97
Marshall Islands	LAC	CPG	Country Programme	-	40	-	20	20	12-98	12-98
Mauritius	AFR	INS	Institutional Strengthening	50	-	20.00	30	-	10-97	10-97
			Institutional Strengthening*		33		5	28	12-99	12-99
Mozambique	AFR	INS	Institutional Strengthening	92.40	-	49.1	20	23.30	9-98	9-98
Mongolia	ASP	CPG	Country Programme	50.00			35	15.00	9-98	9-98
Morocco	AFR	INS	Institutional Strengthening	179.00	-	-	50	129	12-99	12-99
Myanmar	ASP	CPG	Country Programme	50	-	40	10	-	10-97	10-97
Namibia	AFR	INS	Institutional Strengthening	61.76	-	12.60	20	29.16	1-99	1-99
Nepal	ASP	CPG	Country Programme	30	-	-	20	10	12-98	12-98
Nicaragua	LAC	CPG	Country Programme	40	-	40		-	12-98	3-97
		INS	Institutional Strengthening	-	68	-	23	43	6-00	9-00
Niger	AFR	INS	Institutional Strengthening	74.80	-	39.6	20	15.2	12-98	12-98
Panama***	LAC	INS	Institutional Strengthening	172.50	-	45.00	48	79.00	12-97	3-98
Papua New Guinea	ASP	INS	Institutional Strengthening	43	-	-	20	23	12-99	12-99
Paraguay	LAC	CPG	Country Programme	43	-	33	10	-	12-98	3-97
			Institutional Strengthening		66.3		25	41	6-00	9-00
Peru	LAC	INS	Institutional Strengthening	154	-	33	48	51	4-99	7-99
St. Kitts & Nevis	LAC	CPG	Country Programme	35	-	25	10	-	1-97	1-97

		INS	Institutional Strengthening		30	-	10	20	4-00	4-00
St. Lucia	LAC	INS	Institutional Strengthening		55		20	35	7-00	7-00
St. Vincent & Grenadines	LAC	CPG	Country Programme		40		10	30	12-98	12-98
Senegal	AFR	INS	Institutional Strengthening	175	-	108.00	67	-	7-97	7-97
			Institutional Strengthening*		117		50	67	12-99	12-99
Seychelles	AFR	INS	Institutional Strengthening	31.90	-	12	10	9.90	1-98	1-98
Solomon Islands	ASP	CPG	Country Programme	20	-	-	20	-	12-99	12-99
Sudan	AFR	INS	Institutional Strengthening	168.3	-	-	60	40	1-98	1-98
Swaziland	AFR	INS	Institutional Strengthening	67.32	-	22	20	25.32	12-98	12-98
Tanzania	AFR	INS	Institutional Strengthening	66	-	-	15	51	12-99	12-99
Togo	AFR	INS	Institutional Strengthening		40		10	30	10-00	10-00
Tuvalu	ASP	CPG	Country Programme		40	-	20	20	12-98	12-98
Uganda	AFR	INS	Institutional Strengthening	64.52	-	22	22	20.52	1-98	1-98
Vanatu	ASP	CPG	Country Programme	20	-	-	20	-	6-98	6-98
Vietnam	ASP	INS	Institutional Strengthening	137.28	-	31	30	76	12-98	12-98
Yemen	ASP	CPG	Country Programme	40			40		1-98	1-98
Western Samoa	ASP	CPG	Country Programme	35	-	25	10	-	5-97	5-97
		INS	Institutional Strengthening		60	-	10	50	8-00	8-00
Zambia	AFR	INS	Institutional Strengthening	75.60	-	44	20	11.6	7-98	7-98
Zaire	AFR	CPG	Country Programme	43	-	-	15	28	12-98	12-98
Zimbabwe	AFR	INS	Institutional Strengthening	171.05	-	34	30	107.05	1-98	1-98
TOTAL (for country programmes and Institutional Strengthening projects)				4923.69	1423.00	1608.94	1959.65	2715.72		
COUNTRY SPECIFIC SUPPORT ACTIVITIES										

Argentina	LAC	TRA	National Train the Trainer Programme on Refrigerant Management Plan and Good Practices in Refrigeration for Argentina		215	0	200	15	3-98	6-98
Guatemala	LAC	TRA	National Train the Trainer Programme on Refrigerant Management Plan and Good Practices in Refrigeration for Guatemala		70	0	50	20	6-99	12-98
Peru	LAC	TRA	National Train the Trainer Programme on Refrigerant Management Plan and Good Practices in Refrigeration for Peru		70	0	50	20	6-99	12-98
			Development of Refrigerant Management Plans for 10 countries (countries to be selected later)		300		270	30	6-98	12-98
TOTAL (for country specific support activities)					655	0	570	85		
						0				
Region	Global	TAS	Information Clearinghouse Core Activities							
			Information Exchange	1188.0	1725.0	946.5	1537.50	187.50		
			Information collection	104.5	190	62.7	171	19	2-98	5-98
			Formatting/Repackaging Information	283	190	169.8	171	19		5-98
			Delivery/Dissemination	607.5	1095	600	985.5	109.5		5-98
			Outreach	24	50	24	40	10		5-98
			Support for National Initiatives on Raising Awareness	140	50	70	40	10		5-98
			International Recycled Halon Bank Management Information Clearinghouse	29	100	20	90	10		5-98
			Policy Initiatives	0	50		40	10		5-98
			Training	474.5	610.0	100.0	897**	59		

	AFR	TRA	Policy workshop for China		200		180	20	12-97	2-98
			Update of 'Good Practices in Refrigeration training manual' with HC drop-in good practices and safety related issues.		35		31.5	4	11-97	2-98
	GLO	TRA								
	AFR	TRA	Regional survey and Workshop on Methyl Bromide for French-Speaking Africa		275		250	25	11-97	2-98
			Regional workshop to pilot training module on policy design and setting up of legislations for Latin America		100		90	10	11-97	2-98
	LAC	TRA								
			Networking	807.6	1,524.8	640.0	1,372.3	152.48	2-98	5-98
			SEAP network	40	299	40	269	30	2-98	5-98
			Latin American Regional Networks	299	380	280	342	38		
			African Network	299.4	465	280	418.5	46.5		
			Regional Network for West Asia	169.2	130.8	40	117.72	13.08		
			Eastern Europe	0	200	0	180	20		
			Outreach		50	0	45	5		
TOTAL (for core clearinghouse activities)				2470.1	3860	1686.5	3708.7	398.5		
			Travel		75		75			
			Advisory and expert group meeting		75		75			

* Countries expected to ratify the Montreal Protocol in 1996 and initiate country programme preparation

** These disbursements include the balance from 1996 which will be undertaken in 1997.

*** Project duration will need to be extended without additional funding