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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol
Sub-Committee on Monitoring, Evaluation and Finance
Eighth Meeting
Montreal, 12-13 July 1999

PROVISIONAL ANNOTATED AGENDA**1. Adoption of the agenda and organisation of work**

After adoption of the Agenda, the Sub-Committee may wish to organise its work over one and one-half days with a view to adopting its report on the afternoon of the second day.

2. Progress reports as at 31 December 1998**a. Consolidated progress report;**

Document UNEP/OzL.Pro/ExCom/28/5 provides a consolidation by the Secretariat of the individual progress reports submitted by bilateral donors and implementing agencies on the status of implementation of projects as at 31 December 1998.

Issues to be addressed: The document highlights the overall status of projects implemented under the Fund and the issues that are common to most or all agencies, including:

- Continued use of CFCs (ODS) after equipment installation was identified in the reports of all of the agencies involved in investment projects.
- The definition of ODS phase-out, including indirect phase-out in data reporting was identified as a result of a comparison among agencies' data in progress reports and project completion reports and the Inventory of Approved Projects. Indirect phase-out is claimed for compressor projects in which there is no measurable direct phase-out.
- Beneficiary delays, are being reported by implementing agencies that rare the result of the beneficiary not being ready to move forward with the approved project. Projects that are not

ready for immediate implementation after project approval tie up resources that could be used for those enterprises that are ready for an early phase out. Most of the agencies had this issue.

- Projects completed over one year ago with remaining balances totalling US \$8,967,223 were identified in the Secretariat's review of the agencies' progress report databases. Implementing agencies indicate that it can sometimes take as long as two years after a project is completed before a project's financial accounts are closed.
- The Secretariat identified more projects that were classified as projects with implementation delays and than were identified by the implementing agencies. This was due to various reasons including the fact that some agencies did not provide consistent dates of completion and others did not include some types of projects, for example, project preparation activities. Agencies are required to provide reports on projects with implementation delays to the next meeting of the Executive Committee for continued monitoring. [A related project implementation delay issue is the fact that there remain five projects that were approved in 1992 that have yet to be completed.]
- The mandated national legislation for recovery and recycling projects reason for delay was mentioned in UNDP's list of reasons for implementation delays. This issue applies to all agencies and several bilateral donors.
- Continuing customs clearance problems in Nigeria. This issue was raised in UNIDO's progress report but most implementing agencies have ongoing projects and planned projects in their 1999 business plans in Nigeria. Customs clearance issues lead to long delays and claims for additional storage costs.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee consider:

- Taking note of the Consolidated Progress Report;
- Requiring that its Decision 22/38 on the "destruction/dismantling/rendering unusable" of ODS system equipment should be enforced henceforth as part of the definition of project completion.
- Requiring that indirect phase-out should not be claimed as phase-out reported in progress reports.
- Determining how long beneficiaries may delay project implementation before the project should be cancelled.
- Requesting agencies to provide reports on projects with implementation delays based on the Secretariat's list.
- Allowing agencies to adjust their project completion date as agreed with the Secretariat to eliminate the impact of this delay for recovery and recycling projects on agency evaluations.
- A status report on the customs clearance issue in Nigeria by UNIDO and pending the outcome of that report consideration of possibly deferring future approvals for Nigeria until the customs clearance issue is resolved.

b. Progress report of bilateral co-operation;

Document UNEP/OzL.Pro/ExCom/28/6 provides a consolidation by the Secretariat of the individual progress reports submitted by bilateral donors into an annual summary table and summarises project implementation by bilateral donor.

Issues to be addressed: The document highlights the overall status of projects implemented under the Fund through bilateral co-operation. It highlights the issue raised during the review of the progress report narrative and data base of project implementation delays in the projects of bilateral donors.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee should consider:

- Noting with appreciation the progress reports submitted by the Governments of Australia, Canada, Denmark, France, Germany, and the United States of America.
- Requesting the Governments of Australia, France, and the USA to provide reports on projects with implementation delays to the 29th Meeting of the Executive Committee.

The Committee might also consider:

- Approving the requests for adjustments and the administrative notations of bilateral accounts for the record as indicated in recommendations 2 and recommendations 4 through 9 of the Secretariat's recommendations on the bilateral progress reports. .

c. Progress report of UNDP;

Document UNEP/OzL.Pro/ExCom/28/7 provides the comments and recommendations of the Fund Secretariat and the progress report of UNDP for activities as at 31 December 1998.

Issues to be addressed: The document highlights the overall status of projects implemented under the Fund by UNDP and highlights issues raised during the review of the progress report narrative and data base, including:

- Sale of equipment after signing of hand over protocols was indicated in a project that was completed by UNDP in July 1996. The equipment purchased with Multilateral Fund resources were dismantled and sold to other enterprise (both locally and in neighboring countries) which have received financial assistance from the Multilateral Fund.
- Reasons for implementation delays were listed in UNDP's progress report. The Committee has taken some decisions on counterpart funding, but it may wish to consider some remedies to the other delays.
- Requesting a status report on projects where the beneficiary requested the supplier to delay the projects identified in Recommendation 5 of the Secretariat's recommendations on UNDP's progress report.

- Request to transfer the remaining funds (US \$162,281 plus agency support costs of 13 per cent) of the project, National programme for recovery and recycling in Mauritius (MAR/REF/17/TAS/07), to Germany as part of its bilateral programme with Mauritius. The Treasurer should be requested to credit the balance to Germany's contributions to the Multilateral Fund for the period 1997-1999, according to the Committee's decision.
- Noting UNDP cancellations and taking actions on possible UNDP cancellations in the context of the Committee's consideration of the paper on the consequences of project cancellation.
- How much latitude implementing agencies have in creating new budget items in the case of the El-Tawil project (EGY/FOA/15/INV/46). UNDP informed the Secretariat that US \$78,195 had been spent for civil works and US \$2,000 for pumps and regulators. The project proposal does not include a civil works item.
- Request to re-instate the cancelled project, in the context of the Committee's consideration of the consequences of project cancellation

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee should consider:

- Noting with appreciation the progress reports UNDP.
- The transfer of US \$162,281 plus 13 per cent agency fees from UNDP to the Government of Germany for the project (MAR/REF/17/TAS/07) with an expected completion date to be provided by Germany, while noting to the Treasurer to offset this amount transferred against Germany's bilateral contributions for the triennium (1997 through 1999).
- Determining who should pay for the funds spent on an unauthorized expenditure item in the El-Tawil project in Egypt (EGY/FOA/15/INV/46).
- Re-instatement of the Meenakshi Aerosol and Cosmetics project (IND/ARS/22/INV/14) in the context of its consideration of the paper on the consequences of project cancellation.

The Committee might also consider:

- Approving the requests for adjustments and the administrative notations of UNDP's accounts for the record as indicated in recommendation 7 of the Secretariat's recommendations on the UNDP progress report, pending the outcome of the request to transfer the UNDP project to Germany.

d. Progress report of UNEP;

Document UNEP/OzL.Pro/ExCom/28/8 provides the comments and recommendations of the Fund Secretariat and the progress report of UNEP for activities as at 31 December 1998.

Issues to be addressed: The document highlights the overall status of projects implemented under the Fund by UNEP and highlights issues raised during the review of the progress report narrative and data base, including:

- Implementation delays for country programme/RMP preparation (Decision 22/24)

- Institutional strengthening projects with serious project implementation difficulties in the context of its consideration of institutional strengthening projects' agenda item.
- Reports on the following technical assistance projects that are to be completed by the Meeting in paragraph 9 of UNEP's progress report and those mentioned in paragraphs 10 and 13 with ongoing implementation delays.
- The cost-effectiveness of the halon bank management clearinghouse programme that was over \$3,500 per query in 1998.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee should consider:

- Noting with appreciation the progress report of UNEP.
- Actions to remedy the ongoing delays in RMP project implementation, in particular in the South Pacific Island countries,
- Actions to remedy the projects with ongoing delays.
- How to make the Halon bank management clearinghouse services more cost-effective, and

e. Progress report of UNIDO;

Document UNEP/OzL.Pro/ExCom/28/9 provides the comments and recommendations of the Fund Secretariat and the progress report of UNIDO for activities as at 31 December 1998.

Issues to be addressed: The document highlights the overall status of projects implemented under the Fund by UNIDO and highlights issues raised during the review of the progress report narrative and data base, including:

- The status of implementation of methyl bromide demonstration projects since UNIDO has the largest programme of this nature.
- Request for a change in focus for the methyl bromide demonstration project in Jamaica (JAM/FUM/26/DEM/10) from the focus of the project when approved by the Committee.
- Taking actions on possible UNIDO cancellations in the context of the Committee's consideration of the paper on the consequences of project cancellation.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee should consider:

- Noting with appreciation the progress report of UNIDO.
- Request for the change in focus for the demonstration project for Jamaica (JAM/FUM/26/DEM/10).

The Committee might also consider:

- Noting the adjustments mentioned in paragraph 18 of the Secretariat's comments on UNIDO's progress report.

f. Progress report of the World Bank;

Document UNEP/OzL.Pro/ExCom/28/10 provides the comments and recommendations of the Fund Secretariat and the progress report of the World Bank for activities as at 31 December 1998.

Issues to be addressed: The document highlights the overall status of projects implemented under the Fund by the World Bank and highlights issues raised during the review of the progress report narrative and data base, including:

- Report on the CFC recovery and recycling project in Brazil per Decision 27/9(d)
- Ongoing project implementation delays identified in paragraphs 10 through 20 of the World Bank's progress report.
- Noting Bank cancellations and taking actions on possible Bank cancellations in the context of the Committee's consideration of the paper on the consequences of project cancellation.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee should consider:

- Noting with appreciation the progress report of the World Bank.
- The report on the World Bank on the CFC recovery and recycling projects in Brazil as requested in Decision 27/9(d) and then decide if the project should be transferred to UNDP or should a new proposal be submitted prepared according to the current guidelines for recovery and recycling projects when the pre-requisites for success are in place.

The Committee might also consider:

- Noting the adjustments for the return of funds mentioned in the first sentence of paragraph 29 of the Secretariat's comments on the World Bank's progress report.

3. Consequences of project cancellation;

Document UNEP/OzL.Pro/ExCom/28/11 was prepared in response to Decision 27/9 in which the Committee asked to MEF Sub-Committee to discuss how to deal with all of the consequences of project cancellation. The document presents a background on project cancellations, a discussion of previous decisions, and concludes with recommendations for the consideration of the Committee.

Issues to be addressed:

Implementing agencies identified reasons why projects have been cancelled. Thus far, all agency project cancellations have been through mutual agreement. Some of the reasons for these cancellations include: change of the ownership/eligibility; bankruptcy; insufficient funding; lack of response from beneficiary; request of the company/financial situation; and persistent project delays. The Secretariat addresses these reasons in Table 1 of the document.

Pending the Sub-Committee's consideration of this issue, the implementing agencies have identified several projects that have been cancelled due to mutual agreements and some that are being considered for possible cancellation. The Sub-Committee might consider reports from each agency on project cancellations and then determine if any actions are warranted at this meeting.

From UNDP's progress report:

- The request to re-instate the Meenakshi Aerosol and Cosmetics project (IND/ARS/22/INV/14) was approved at the 22nd Meeting in May 1997 in the amount of US \$98,940 to eliminate 22 ODP tonnes of CFC-11/12 by converting to hydrocarbon propellants.
- Noting the cancellation of the El-Tawil project in Egypt (EGY/FOA/15/INV/46) and the return of the unused balance of US \$91,979 plus 13 per cent agency fees to be offset against UNDP approvals
- Possible cancellation for:
 - Multidimensionales in Colombia (COC/FOA/13/INV/10).
 - Ricdor foam in Morocco (MOR/FOA/23/INV/14).
 - ALUMAC foam in Nigeria (NIR/FOA/23/INV/26).

From UNIDO's progress report

- Possible cancellation for:
 - Alki S.A. aerosol project in Tunisia (TUN/ARS/22/INV/20) and
 - Project preparation in Brazil's aerosol sector (BRA/ARS/27/PRP/127).

From the Bank's progress report

- Possible cancellation for:
 - Randon Implementos foam project in Brazil (BRA/FOA/18/INV/31)
 - Recrusal foam project in Brazil (BRA/FOA/18/INV/32),
 - PT Irc Inoac foam project in Indonesia (IDS/FOA/23/INV/75),
 - PT Sea Horse Maspion Indonesia (IDS/FOA/23/INV/76),
 - Sree Precoated Steels foam project (IND/FOA/17/INV/44),
 - JIPCO aerosol project in Jordan (JOR/ARS/20/INV/26), and
 - Indurnor refrigeration project in Uruguay (URU/REF/15/INV/12).
- Noting the cancellation by mutual agreement for:
 - Everest refrigeration (BRA/REF/19/INV/51)
 - Embraer phase out of CFC-113 and MCF used in vapor degreasers to clean aircraft parts (BRA/SOL/18/INV/38)
 - BKJ in Thailand (THA/SOL/19/INV/53)
 - Congreso de la Republica in Venezuela (VEN/REF/08/INV/11)

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend that the Executive Committee should consider:

- Determining that projects that are cancelled due to the following reasons should not be allowed to reapply for assistance from the Multilateral Fund:
 - Change of ownership/eligibility
 - Bankruptcy

- Insufficient funding
- Lack of response from beneficiary
- Allowing projects that are cancelled due to one of the following reasons to reapply for assistance from the Multilateral Fund at a level of funding no greater than previously approved and the decision should be taken on a case-by-case basis.
 - Request of the company/financial situation
 - Persistent project delays
- Actions on the requests from:
 - UNDP
 - UNIDO
 - The World Bank

4. Evaluation of the implementation of the 1998 business plans;

Document UNEP/OzL.Pro/ExCom/28/12 provides an assessment of the performance of the implementing agencies in 1998 against the targets that were set in their 1998 business plans, reviews the business planning process, and offers recommendations for the consideration of the Executive Committee.

Issues to be addressed:

- Agency targets and achievements for investment projects are presented along with an assessment of their performance based on indicators adopted by the Executive Committee. The Sub-Committee may wish to determine the usefulness of this assessment bearing in mind that its first full application will be with regard to the evaluation of the 1999 business plans.
- Two new performance indicators that are to be applied to the assessment of non-investment projects in 1999 were targeted by UNEP for its 1998 business plan. UNEP was not able to report on “reduction of ODS consumption over and above that effected by investment projects” and “appropriate and timely policies initiated by countries either as a result of networking, training or information exchange”. The Sub-Committee may wish to consider the usefulness of these indicators.
- There appeared to be some inconsistency in the targets for non-investment projects for the 1998 business plans making the assessment difficult. With the clarification of the above two indicators, the agencies have more consistently targeted such indicators in their 1999 business plans.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend appropriate actions to the Executive Committee to address the above issues.

- If any adjustment in shares is warranted based upon the evaluation of performance against the 1998 business plan targets.
- How any adjustment based on the evaluation of performance against the 1998 business plan targets should be applied to the agency shares proposed by the implementing agencies to this meeting.

5. Shares of the implementing agencies:

Document UNEP/OzL.Pro/ExCom/28/13 addresses the implementing agencies' investment project share allocation and the impact of bilateral investment projects on agency shares. Agencies adopted the following shares for investment projects: UNDP (30%), UNIDO (25%) and the World Bank (40%). The document contains two parts. Part I was to have included a proposed agreement among the implementing agencies concerning agency shares, but an agreement was not reached at the time of this writing. Part II provides an assessment of the impact of bilateral activities on agency shares.

Issues to be addressed:

- Proposed agreement among UNDP, UNIDO, and the World Bank;
- Impact of bilateral programmes on shares of implementing agencies;

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend appropriate actions to the Executive Committee to address the above issues.

- The agreement of implementing agencies on the distribution of their shares in investment projects.
- An indicative figure of resource allocation to be used by the implementing agencies for the preparation of their draft business plans for the year 2000.
- If bilateral investment projects intended for implementing agencies should be included in the agency shares
- If the Committee decides to do so, the following draft decision might be considered
 - Bilateral agencies should indicate in their annual business plans the level of funding for implementing agencies on a project-by-project basis.
 - Bilateral agencies should submit their annual business plans to the 3rd Meeting of the year preceding the year of the business plan. Planned bilateral investment project allocations should be included into the overall investment project share allocation of the implementing agency involved.
 - In the event that the bilateral project or projects are not submitted by the 2nd Meeting of Executive Committee in the year in question, the implementing agency will be free to substitute contingency list projects for submission to the 3rd Meeting of the Committee within its share allocation.

6. Status report on ODS phase-out in Article 5 countries;

Document UNEP/OzL.Pro/ExCom/28/14 presents the process followed and the results of the survey conducted by the Secretariat. The document includes 5 annexes. The report covers the responses received from 43 countries as at 15 June 1999. The report consists of two parts: part one is ODS consumption and phase out implementation data as at 31 December 1998; part two is Sector distribution of ODS consumption (latest data available).

Issues to be addressed:

- Adequacy of the survey
- Usefulness of the results

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the report and recommend any modifications to be introduced in the 2000 version of the report.

7. Institutional strengthening projects: implementation of Decision 27/10;

Document UNEP/Ozl. Pro/ExCom/28/15 is a result of Decision 27/10. The document contains two parts. Part I presents the comments received by the Secretariat from members of the Executive Committee as of the deadline on their views on the effectiveness of existing institutional strengthening arrangements and the functioning of ozone units. Part II sums up “the main features of Implementing Agencies’ existing agreements for institutional strengthening”.

Issues to be addressed:

- Effectiveness of the existing arrangements under institutional strengthening.
- Changes needed for improving the effectiveness of institutional strengthening taking into account the evaluations on institutional strengthening that are planned under the Monitoring and Evaluation work programme.

From UNEP’s progress report

- Institutional strengthening projects with serious project implementation difficulties including those in Comoros, Congo, DPR Korea, Maldives, Tanzania, Uganda and Zambia.

Action expected from the Sub-Committee: The Sub-Committee may wish to consider how to proceed with the issue of improving the effectiveness of existing institutional strengthening arrangements and the functioning of ozone units

8. Interim report on the implementation of the 1999 monitoring and evaluation work programme;

Document UNEP/Ozl. Pro/ExCom/28/16 is an interim report on the M&E programme. The purpose of the paper is to give the Executive Committee a brief overview of the status of implementation of the 1999 work programme for Monitoring and Evaluation which was approved at the 27th meeting of the Executive Committee (Dec. 27/11). As foreseen in the work programme desk studies have been prepared on refrigeration and institutional strengthening as well as training projects in order to prepare the evaluations. These studies are available on request. In the document, the main evaluation issues identified are described and the methodological approach for the main phase of the evaluations outlined. Moreover, the progress made in collecting project completion reports and preparing revisions of the reporting formats is

described. Finally, preliminary results on enhancing the computerised information system in the Secretariat to support monitoring and evaluation are summarised.

Issues to be addressed:

The Sub-Committee might discuss about the evaluation issues identified and the methodological approach for the main phase of the evaluation.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the progress achieved and work planned as described in document ExCom/28/16.

9. 1998 accounts of the Multilateral Fund.

Document UNEP/OzL.Pro/ExCom/28/17 presents the 1998 accounts of the Multilateral Fund. This document summarises annually the financial reports of the implementing agencies. This document was not available as at this writing.

Issues to be addressed:

At its 25th Meeting, the Executive Committee decided to request the implementing agencies and the Treasurer to work further to reconcile data in the progress reports with the Annual Report on the Accounts of the Multilateral Fund and reduce the occurrence of data discrepancies (Decision 25/8).

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the Accounts of the Multilateral Fund and to note the actions taken to reconcile the data with that in the progress reports.