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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-sixth Meeting
Montreal, 20-22 March 2002

IMPLEMENTATION OF DECISION 35/56

Further Actions to Implement the Framework on the Objective, Priorities, Problems, and Modalities for Strategic Planning of the Multilateral Fund in the Compliance Period

I. INTRODUCTION

1. The Executive Committee decided at its Thirty-fifth Meeting in December 2001 to:

> "note the Secretariat's proposed approach to implementing Decision 33/54 as detailed in paragraph 3 of document UNEP/OzL.Pro/ExCom/34/53, and to request the Secretariat, as a matter of urgency, to use that approach and issues related to the implementation of Decision 33/54 raised by Executive Committee members prior to the Thirty-sixth Meeting, including those in document UNEP/OzL.Pro/ExCom/35/60, Annex I, as a basis for preparing for the Executive Committee at its Thirty-sixth Meeting an indicative timetable for this task."

(Decision 35/56)

2. It is recalled that Decision 33/54 requested " the Secretariat to prepare specific proposals for changes in procedures, implementation mechanisms and modalities" to implement the Framework on the Objective, Priorities, Problems, and Modalities for Strategic Planning of the Multilateral Fund in the Compliance Period, adopted at the Thirty-third Meeting. In the document UNEP/OzL.Pro/ExCom/34/53, the Secretariat recommended a phased approach in introducing changes to the operations of the Fund. Specifically, the approach embraced the principles of building on the existing infrastructure, allowing time for transition and introducing any necessary changes in a sequential manner. This approach was suggested to minimise disruption to the momentum created in the grace period, and also reflect the order of evolution of the Fund's existing policies, guidelines and operating procedures.

3. Measurable progress in implementing the Framework for Strategic Planning of the Multilateral Fund has already been made. The Executive Committee will recall that, although the Framework was not adopted until its Thirty-third Meeting in March 2001, the concept of strategic planning for the Fund in the compliance period has been a topic of discussion by the Executive Committee since its Twenty-ninth Meeting in December 1999. Consequently, even before the Framework's adoption, the evolution of the Fund's policies, guidelines and procedures into an organic whole for the Fund's operation in the compliance period had commenced.

4. The Thirty-fifth Meeting of the Executive Committee adjusted the Fund's funding policies to reflect the Framework's country-driven and compliance driven programming modality. The funding policies now emphasise the demonstrated relevance of projects to compliance and greater government responsibility for managing national phase-out programmes.

5. Both of these elements began to be adopted in the preparation of the draft 2001 business plan. The principles agreed for the development of the draft 2001 business plans were as follows: assistance should first be extended to countries at risk for achieving compliance with the freeze and 2005 reductions; then to those activities intended to maintain and sustain phase out momentum; and projects with longer durations should be submitted early while projects with

shorter durations could be submitted later to best assist countries in the 2005 reductions. Furthermore, the activities contained in the 2001 and 2002 business plans were based on responses to letters sent to all National Ozone Units requesting the identification of the activities each country considered necessary to achieve and/or maintain compliance with the freeze and subsequent reductions through the year 2005.

6. Implementation modalities that facilitate compliance-related funding were introduced into the Fund's operation at the Executive Committee's Twenty-third Meeting in 1997 at which the first performance-based multi-year agreement was approved. Performance-based multi-year agreements are agreements for which the Executive Committee has approved the agreement's funding level in principle, with the funds to be released over subsequent years in accordance with the achievement of predetermined ODS reduction targets which reflect the Protocol's control measures or an accelerated phase-out schedule. The first such agreement approved was the Halon Sector Phase-out plan for China. To date, the Executive Committee has approved seventeen multi-year agreements, comprising sectoral and controlled substance phase-out agreements; seven in the methyl bromide sector, six in CFC production and consumption sectors, two which cover both the CFC and TCA/CTC sectors, one solely in the TCA/CTC sector, and one in the halon sector.

7. The transition from an individual project-by-project approach to sector, substance or national ODS phase-out approach as envisioned in the Framework can be considered well underway. 33 performance-based multi-year agreements are included in the final 2002 business plans of bilateral and implementing agencies for submission in 2002.

8. One of the key features of the performance-based multi-year agreements discussed above, with the exception of the agreements approved to date for the methyl bromide sector, is that it facilitates country-driven programming by providing the country with maximum flexibility in using the agreed funds to meet the agreed reductions.

9. The revised format for Country Programme Updates adopted at the Thirty-fifth Meeting provides a vehicle to identify the most appropriate means of employing this implementation modality through the preparation of national compliance strategic plans envisioned in the Framework. The Update format also includes a framework for the application of the performance-based multi-year implementation modality to an entire country, in the form of a national ODS phase-out agreement. <u>Further guidance on the preparation, management and implementation of performance-based national, as well as substance-wide ODS phase-out agreements, will arise from guidelines currently under preparation by the Secretariat in accordance with Decision 35/56.</u>

10. The Framework modality that future funding must be predicated on a commitment by the country to achieve sustainable, permanent aggregate reductions in consumption and production, as relevant, has been given effect by Decision 35/57. The decision adopted two options for calculating the starting point from which the reductions achieved by each country would be measured. Through the selection of one of the two options, each country determines the maximum residual CFC that the Fund will pay to reduce from that country.

11. Decision 35/57 also contributed to the implementation of the Framework modalities that Article 5 government capacities should be strengthened to be able to plan and manage their

national ODS phase-out programmes, and that efforts should be made to enhance public awareness on ODS-related issues. Decision 35/57 agreed to increased levels of funding for all institutional strengthening projects and renewals until at least 2010, regardless of early phase-out, in order to "help countries carry out the new strategic framework agreed, and provide increased support for critical areas such as public awareness". To the extent that the issue of increased funding has already been addressed by Decision 35/57, the Secretariat will conduct the review of the guidelines for institutional strengthening projects in accordance with Decisions 35/56-35/58.

12. The documents before the Executive Committee at its Thirty-sixth Meeting reflect further implementation of the Framework, specifically implementation of the Framework's identified priorities and its modality that future funding must be predicated on a commitment by the country to achieve sustainable, permanent aggregate reductions in consumption and production, as relevant. Firstly, in order to improve the Executive Committee's ability to plan the programming of the Fund's 2002 resources in light of the Framework's priorities, the Consolidated 2002 Business Plan for the Multilateral Fund provides all available data on the forward commitments from approved projects and those planned for submission in 2002 and 2003. . Secondly, in its comments on project proposals submitted to this meeting, the Secretariat has had reference to the proposal's impact on the country's remaining funding eligibility per Decision 35/57 where appropriate. It will also be recalled that, in accordance with Decision 35/2(g), the Secretariat will include status of compliance reports in future consolidated draft business plans, thereby furthering the Executive Committee's efforts to implement compliance-driven programming.

13. The purpose of this paper is therefore to identify the areas of the Fund's operation requiring change to implement the outstanding elements of the Framework for Strategic Planning of the Multilateral Fund, identify the issues associated with determining the nature of such changes, and present an indicative timetable for addressing these areas for change. These areas of Fund operation are discussed below, and the issues that could arise from changes to such operations are identified.

14. It will be noted that, while this paper includes an identification of possible changes to the composition and arrangement of the Executive Committee's work arising from the implementation of the Framework, it does not similarly identify possible changes to the roles and functions of the Fund's other stakeholders, as foreseen in the Framework. This area of the Framework's implementation was not addressed in light of Decision 33/54 (b) which requested the Secretariat to prepare specific proposals for changes on the understanding that it might not be possible or necessary to cover all topics at once and that consequently several papers might be needed for consideration at different future meetings, and in the interests of enabling the identification of the possible changes to the other stakeholders' roles and functions to be informed by the Executive Committee's decisions on the issues in this paper.

II. BUSINESS PLANNING

15. The Fund adopted business planning arrangements in 1996 to ensure that the demands on the Fund's resources do not exceed those resources in any given year. Currently, business planning begins with the evaluation of the performance against the previous year's business plan at the second meeting of the year. At this meeting, the Executive Committee provides guidance

for the preparation of the draft business plans. Following the meeting, the status of compliance and sector consumption data is updated. Agencies are provided with this information and letters are sent to Article 5 countries for them to verify their latest reported consumption and phase out from ongoing projects and to identify those activities by implementing agency required for their compliance needs. The agencies and the Secretariat meet to resolve possible conflicts and to ascertain what could be done in countries at risk for compliance with the next control measure. Draft business plans are then presented to the Executive Committee for guidance for their finalisation. Agencies then address that guidance in their final business plan.

16. The importance of business planning as a mechanism by which to ensure that the demands on the Fund's resources do not exceed those resources in any given year has been heightened by the Fund's transition into the compliance period and the introduction and increase over the last few years in the number of performance-based multi-year agreements which commit significant levels of Fund resources in both the year of approval and future years.

17. As stated in the Consolidated 2002 Business Plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/36/8/Rev.1), the Executive Committee has approved in principle 17 performance-based multi-year agreements valued at US $509.6 million, and has disbursed through 2001 US $172.64 million of this amount. This leaves a balance of US $336.96 million in future commitments of the Fund's resources till 2010, including a total of US $67.2 million in 2002, more than US $50 million per annum until the 2005 control measures come into force and then more than US $34 million per annum until the 2007 control measure comes into force.

18. 33 performance-based multi-year agreements, nearly double the total number of such agreements approved to date, are planned for submission in 2002 with a first tranche value of US $36.12 million, while an additional 10 are already planned for submission in 2003. As stated in the Introduction, the increase in such agreements reflects the transition in the Fund's implementation modality envisioned in the Framework. That is, the key features of the performance-based multi-year agreements, namely the linking of funding to the achievement of agreed ODS reductions, which mirror the Protocol's control measures or an accelerated phase-out schedule, and providing the country with maximum flexibility in using the agreed funds to meet the reductions, facilitate the country-driven and compliance driven programming adopted in the Framework.

19. As noted in the Introduction, the number of countries with remaining consumption in sectors in which performance-based multi-year agreements have increasingly been approved suggests the trend towards performance-based multi-year agreements will continue. For example, 31 countries with remaining methyl bromide consumption totalling 3,369 ODP tonnes have ratified the Copenhagen Amendment but have not received assistance to totally phase out their methyl bromide consumption, while 7 countries with ODS production facilities are not yet subject to phase-out agreements.

20. It should be noted, however, that individual methyl bromide projects disburse approved funds over several years. This situation is a result of existing business planning arrangements. That is, to operationalise the Executive Committee's request that implementing agencies maximise the number of countries included in their business plan, the agencies set limits on the portion of their total allocation they dedicate to each country. This limitation on funds has, in the

methyl bromide sector, resulted not only in individual rather than sectoral projects, but also funding arrangements that commit the Fund's resources into the future.

21. While the above discussion indicates that business planning continues to be imperative for ensuring that the demands on the Fund's resources do not exceed those resources in any given year, the following areas of the existing business planning arrangements are identified as areas requiring further elaboration or change to effectively implement the Framework:

A. Resource planning

22. Currently, annual resource planning is based on the allocation, on an annual basis, of a sum of money to each of the implementing agencies involved in investment projects, according to agreed shares. Additionally, a sum of money is allocated to non-investment projects. It has functioned well so far however the expected increase in the number of performance-based multi-year agreements as described above would commit increasingly larger portions of the Fund's annual resources as far into the future as 2010.

23. Therefore, as a consequence of its impact on the level of resources available in future years for free-programming, the same modality which is recognised as enabling the Fund to pursue country-driven and compliance-driven programming for individual countries, could also reduce the Fund's ability to respond in a timely manner to the compliance needs of some countries.

24. In order to provide the Executive Committee with the longer term perspective required to address this situation, the consolidated 2002 business plan of the Multilateral Fund includes information on the forward commitments from approved projects and those planned for submission in 2002 and 2003. Such forward commitments could lead to situations where the level and timing of funding planned for release in future years from proposed multi-year agreements may exceed the anticipated level of available resources in those future years; or so significantly reduce the level of resources available for free-programming that the Executive Committee is not able to provide immediate assistance to a country at risk of non-compliance.

25. Another situation arising from the implementation of the Framework that has implications for existing resource planning arrangements concerns countries' development of their "national compliance strategic plans". That is, countries that have not finalised their national compliance strategies are continuing to seek assistance in the interim. It should be noted that in adopting the country programme update, the Executive Committee requested the updates be completed within 12 months, on average, from the time funding is approved by the Executive Committee (Decision 35/58, paragraph (c)). 124 countries have country programmes approved and 75 have an RMP approved. The final 2002 business plans included requests for the preparation of country programme or RMP updates for 16 countries, including 3 countries identified by the 13th Meeting of the Parties as presumed to be in non-compliance with the control measures under the Protocol.

26. Potential overlaps have arisen whereby individual projects and sector plans are planned to be prepared and submitted in 2002 in the absence of a completed country programme update. As the Secretariat notes in its comments on the consolidated 2002 business plan, these potential overlaps are addressed to some extent by Decision 30/21. The decision requires that, in cases

where sectoral strategies were being prepared that were unlikely to be submitted for at least six months, agencies could submit individual projects if the country concerned had stated in a letter its intentions to adhere to a sectoral strategy and implementing agencies provided an assurance in the request for funding that the project could be adjusted, as appropriate and incorporated into the sectoral strategy.

Issues

27. The Executive Committee may therefore wish to consider how to undertake resource planning in light of:

(a) resources that are already committed and the level of resources required for free-programming in the future;

(b) the expected increase in the submission of requests for assistance by countries yet to finalise their national compliance strategies; and

(c) the impact on the format and content of the business plans.

B. Resource allocation

28. The existing annual business planning arrangements divide the resources expected to be available in a given year for programming against approved and anticipated activities into two categories of expenditures, investment and non-investment activities. The division was originally made to distinguish between those activities expected to directly achieve ODS phase-out (investment activities) and the activities expected to indirectly phase-out ODS (non-investment activities). Investment activities include industrial conversions and project preparations, while non-investment activities include UNEP's CAP, institutional strengthening projects, training, technical assistance and public awareness at national, regional and global levels.

29. A priority of the Framework is "an appropriate mix of investment and non-investment activities in line with a country's needs to achieve compliance". The performance-based, multi-year agreements give effect to this priority as they provide the country with maximum flexibility in using the agreed funds to meet the agreed reductions. To date, these agreements have typically comprised a combination of industrial conversions and non-investment components such as training (of custom officers and technicians), policy development, monitoring, and public awareness.

30. Decision 35/57 indicates that even the non-investment activity of institutional strengthening will become directly linked to performance-based agreements. The decision states that countries undertaking national ODS phase-out agreements are likely to receive institutional strengthening funding even higher than the increased levels agreed at the Meeting for all separate new and renewed institutional strengthening projects, to facilitate the national phase-out plan's implementation as explicitly decided in the agreement.

31. To date, sectoral, substance-wide and national ODS phase-out agreements have been accounted against the annual investment allocation although they incorporate non-investment components. Consequently, the transition from individual investment and non-investment

activities to sectoral, substance-wide and national ODS agreements, raises the question as to whether an alternative approach to the division of the annual resource allocation should be considered.

32. The adoption of an alternative approach to the current arrangements for allocating the Fund’s annual programmable resources has implications for the ongoing appropriateness of the fixed share arrangement for implementing agencies. This question has been raised previously in the context of the Framework that states there is a need to examine the fixed shares for implementing agencies, taking into consideration that flexible, rather than fixed, shares might better assist compliance under the Montreal Protocol. In addition, Members’ submissions in regard to strategic planning have questioned the ability of the fixed share arrangement to provide countries with adequate flexibility in selecting the implementing agency(ies) which they believe will best assist their compliance efforts.

33. The fixed agency share arrangement was introduced to maintain the Fund’s access to the 3 implementing agencies that currently undertake investment activities. The support costs arising from investment projects submitted by each agency up to a value equal to their share of the total investment allocation maintains the infrastructure established by the agency to implement the projects and execute the associated monitoring, reporting and evaluation tasks.

34. The size of each agency’s share is therefore directly related to its ability to maintain the infrastructure which enables it to fulfil its obligation to implement approved projects as well as undertake additional projects. Consequently, in order to ensure the Fund’s ongoing access to the experience and expertise of the 3 implementing agencies, if the fixed agency shares were removed or varied significantly on a yearly basis, an alternative means of providing an adequate level of ongoing budgetary certainty which does not remove the incentive to maintain performance, would be required.

35. In the event the division of the annual resource allocation along investment and non-investment lines was removed and the fixed agency shares were applied to the Fund’s entire annual resource allocation, consideration would need to be given to the existing arrangements for UNEP. In accordance with its agreement with the Executive Committee, UNEP solely undertakes what are traditionally defined as non-investment activities. At its Thirty-fifth Meeting, the Executive Committee decided to maintain the Compliance Assistance Programme (CAP) included UNEP’s draft 2002 business plan and approved the CAP’s budget for 2002. The CAP represents UNEP’s reorientation of its operation under the Fund in the compliance period. The CAP provides UNEP with an agreed annual administrative budget, plus agency fees on individual projects.

36. An additional consideration arises in regard to maintaining countries’ ability to access bilateral agency assistance. Under existing arrangements, approved bilateral funding may not be credited against contributions due from a donor country for a future year. That is, bilateral funding only be credited against the donor country’s contribution in the year the funding was approved or the preceding years of the current triennium provided bilateral funding totalling 20% of the donor country’s annual contribution for those preceding years has not already been approved. These arrangements therefore prevent countries’ from selecting bilateral agencies to implement performance-based multi-year agreements as the bilateral agency cannot fund the

agreement by crediting the forward commitments associated with the multi-year agreement against the contributions due from the donor country in future years.

Issues

37. The Executive Committee may therefore wish to consider how to allocate resources in light of:

(a) resources that are already committed;

(b) the transition period during which the different types of performance-based agreements, including sectoral, substance-wide and national phase-out agreements, will constitute increasingly greater portions of the Fund's annual programmable resources;

(c) the balance to be achieved between providing the countries with the flexibility to access the implementing agency(ies) most appropriate to their compliance needs, and providing all the implementing agencies with sufficient budgetary certainty to ensure this access is retained and existing obligations are honoured;

(d) the fact that existing arrangements restrict countries' ability to access bilateral agency assistance.

C. Performance indicators

38. The current performance indicators have served their purpose of evaluating the implementing agencies' performance in implementing their annual business plans. At its Thirty-second Meeting, the Executive Committee recognised the need to change the current performance indicators, requesting "the Secretariat, in co-operation with the implementing agencies and Article 5 countries, to begin to examine and formulate new indicators consistent with the Executive Committee's efforts to develop a strategic plan which incorporates a country-driven approach and submit a report to a future meeting." (Decision 32/7).

Issues

39. The Executive Committee may wish to consider the choice of indicators for evaluating business plans in light of:

(a) the implementation of Decision 32/7.

III. WORK OF THE EXECUTIVE COMMITTEE

40. The responsibility of the Executive Committee's inter alia includes the development and management of the operational policies of the Fund, the approval of funding for projects and programmes, and monitoring the implementation of such projects and programmes. The Executive Committee currently holds three meetings per year, each of three days duration. The meetings are preceded by two-day meetings of the Executive Committee's two standing Sub-Committees on Monitoring, Evaluation and Finance and on Project Review, which are held

in parallel. The division of its work along existing lines commenced in January 1997 with the establishment of the sub-committee on Monitoring, Evaluation and Finance. The motivation for its establishment was the Executive Committee's desire to give greater attention to the monitoring and evaluation of approved projects, without compromising the Executive Committee's ability to consider all requests for assistance in a timely manner. In addition, since its Twentieth Meeting, the Executive Committee has regularly constituted a subgroup on the Production Sector. The agenda of each of the three meetings is largely unchanged from year to year, with the exception of the additional agenda items on policy issues that arise on a need basis.

41. The sub-committee on Monitoring, Evaluation and Finance addresses issues concerning the accounts of the Fund, monitoring of progress in the implementation of approved projects, reports on the implementation of the annual monitoring and evaluation work programme and the specific evaluations of implemented projects and other activities within the context of the work programme, resource allocation to business plans, and the business planning process under the Multilateral Fund, making recommendations to the Executive Committee as appropriate.

42. The sub-committee on Project Review considers and reviews projects submitted to the Executive Committee by bilateral and implementing agencies; Implementing Agencies' work programmes; addresses issues arising from proposed projects; identifies and clarifies outstanding policy issues arising from proposed projects, making recommendations to the Executive Committee as appropriate.

43. An itemisation of the current division of tasks between the sub-committees and the Executive Committee, and the frequency with which these tasks are executed is presented in Annex I.

44. From the preceding discussion on the current state of the Framework's implementation as well as possible additional changes required to complete its implementation, the following implications can be drawn on the likely impact of the Framework's implementation on the future work of the Executive Committee.

45. The task of assessing each performance-based agreement is likely to be more labour-intensive than the assessment of an individual project given the greater number of potential variables associated with such agreements, as well as the issues associated with the fact that many of these projects will represent a country's final request for assistance from the Fund.

46. Following its approval, each performance-based agreement is considered by the sub-committee on Project Review once each year for the purpose of approving the agreement's work programme for the following year, and considering the request for the release of funding for the current year based on a report on the implementation of the preceding year's work programme.

47. Consequently, if the Executive Committee's existing arrangements for considering reports arising from performance-based agreements are retained, during the transition the Executive Committee's workload can be expected to increase as, in addition to its usual workload of reviewing new requests for assistance, the Executive Committee will be considering an increasing number of agreements on a yearly basis. In the event a full transition is achieved

and all new requests for assistance cease, the Executive Committee will retain the workload associated with the annual consideration of all ongoing agreements.

48. The transition may also impact on some of the other tasks currently undertaken by the two sub-committees. For example, while the sub-committee on Project Review undertakes an annual evaluation of the implementation of the performance-based agreements, the information included on these agreements in the annual progress reports of the implementing agencies considered by the sub-committee on Monitoring, Evaluation and Finance is limited to disbursement data and a brief comment. Consequently, under the existing monitoring and evaluation arrangements, the recommendations to the Executive Committee from the sub-committee on Monitoring, Evaluation and Finance regarding the development of the following year's business plans do not benefit from the same level of information available to the sub-committee on Project Review in regard to each agency's performance in implementing performance-based agreements.

49. The above situation raises a question as to the adequacy of the existing arrangements for annual progress reporting. A more comprehensive consideration of the implementation of performance-based agreements in the context of the annual progress reports would not only improve the ability of the sub-committee on Monitoring, Evaluation and Finance to make recommendations regarding future business plans which more closely align implementing agencies' experience and expertise with countries' compliance needs, but also present an opportunity to resolve implementation problems associated with such agreements prior to the Executive Committee's consideration of the next request for release of funds.

50. The existing arrangements for addressing implementation delays have been identified by some Members as a possible area for change. Currently, these arrangements reflect the individual project-by-project rather than country and compliance-driven approach, examining the implementation delays of each project largely in isolation to the resulting impact on compliance of the country concerned. That is, the existing arrangements do not enable the sub-committee to readily determine the implications on a country's compliance of its recommendations to address the implementation delays of the approved projects for that country.

<u>Issues</u>

51. The Executive Committee may wish to consider the composition and arrangements for its future work in light of:

(a) the anticipated change in the workload of both sub-committees associated with an increase in the number of performance-based agreements requiring yearly review;

(b) the absence of a mechanism for considering the performance of implementing agencies in implementing performance-based agreements in the context of providing guidance for the development of future business plans; and

(c) the current project-focus approach to consideration of implementation delays.

IV. RECOMMENDATION

The Fund Secretariat recommends that the Executive Committee may consider adopting the following indicative timetable for the further implementation of the Framework on the Objective, Priorities, Problems, and Modalities for Strategic Planning of the Multilateral Fund in the Compliance Period:

Summary of the areas for further action and an indicative time of completion

AREA FOR FURTHER ACTION		**INDICATIVE COMPLETION DATE**
	Guidelines for the preparation, implementation and management of substance-wide and national ODS phase-out agreement/plans (Decision 35/56(b))	July 2002
	Revised guidelines for the funding of institutional strengthening projects (Decision 35/56(c))	July 2002
II. BUSINESS PLANNING		
	Resources planning	July 2002
	Resources allocation	July 2002
	Performance indicators (Decision 32/7)	November 2002
III. WORK OF THE EXECUTIVE COMMITTEE		November 2002/March 2003

Annex I

TASKS OF THE EXECUTIVE COMMITTEE AND ITS SUB-COMMITTEES

Task	**Frequency**
Sub-committee on Monitoring, Evaluation and Finance	
1. Monitoring and evaluation	
(a) Considers and makes recommendations on the annual monitoring & evaluation work programme	Annually
(b) Considers and makes recommendations on the annual report on the implementation of the monitoring & evaluation work programme	Annually
(c) Considers and makes recommendations on reports on sector evaluations and desk studies	In accordance with monitoring & evaluation work programme
(d) Implementation delays	Every Meeting
2. Finance	
(a) Considers and makes recommendations on the Secretariat's budget for the following year	Annually
(b) Considers and makes recommendations on the annual MLF accounts	Annually
(c) Completed projects with balances	Every Meeting
3. Business planning	
(a) Considers and makes recommendations on draft business plans of Fund, bilateral agencies and implementing agencies including performance indicators	Annually
(b) Considers and makes recommendations on final business plans of Fund, bilateral agencies and implementing agencies including performance indicators	Annually
(c) Considers progress reports on work conducted in previous year	Annually
(d) Considers evaluation of implementation of previous year's business plans and makes recommendations on the development of draft business plans of following year	Annually
4. Considers and makes recommendations on policy issues arising from the above tasks	As needed

Sub-Committee on Project Review	
1. Considers and makes recommendations on issues identified during project review	Every Meeting
2. Considers and makes recommendations on requests for funding from bilateral and implementing agencies	Every Meeting
3. Considers and makes recommendations on annual work programmes from implementing agencies	Twice yearly
4. Considers and makes recommendations on work programme amendments from implementing agencies	In practice, every meeting
5. Considers and makes recommendations on policy issues arising from the above tasks	As needed

Executive Committee	
1. Considers the report on the Fund Secretariat's activities	Every meeting
2. Considers and makes decisions on the reports of the sub-committees	Every meeting
3. Considers the Treasurer's report on the status of contributions and disbursements	Every meeting
4. Consider and makes recommendations on Country Program Updates	As needed
5. Considers and decides on the report of the Production Sector Sub-group	When the Sub-group is constituted
6. Considers and makes decisions on any policy issues	As needed
7. Considers and decides on the annual report on the Executive Committee's activities presented to the Meeting of the Parties	Annually

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