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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-ninth Meeting
Montreal, 2-4 April 2003

REPORT OF THE NINETEENTH MEETING OF THE SUB-COMMITTEE ON MONITORING, EVALUATION AND FINANCE

Introduction

1. The Sub-Committee on Monitoring, Evaluation and Finance of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol held its 19th Meeting in Montreal on 31 March and 1 April 2003.

2. The meeting was attended by the members of the Sub-Committee – the representatives of Austria, Belgium, Canada (Chair), El Salvador, Hungary, Jordan, and Mauritius.

3. The meeting was also attended by representatives of the implementing agencies, the Ozone Secretariat and the Treasurer.

4. A representative of France also attended the meeting as an observer.

5. The Chair of the Sub-Committee, Mr. Philippe Chemouny (Canada), opened the meeting at 10:00 a.m. on Monday, 31 March 2003, and welcomed the participants.

AGENDA ITEM 1: ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

6. The Sub-Committee adopted the following agenda on the basis of the provisional agenda contained in document UNEP/OzL.Pro/ExCom/SCMEF/19/1:

1. Adoption of the agenda and organization of work.
2. Introductory remarks.
3. Financial planning for the triennium 2003-2005.
4. Consolidated 2003 business plan of the Multilateral Fund.
5. 2003 business plans:
    (a) Bilateral agencies;
    (b) UNDP;
    (c) UNEP;
    (d) UNIDO;
    (e) World Bank.
6. Monitoring and evaluation:
    (a) Extended desk study on RMP evaluation;
    (b) Results of the analysis of the current procurement procedures of the

implementing agencies;

7. Institutional procedures of monitoring and evaluation in relevant international financing institutions: Report from the Consultant.

8. Phase-out from cancelled projects.

9. Project implementation delays.

10. Project balances.

11. Other matters.

12. Adoption of the report of the Sub-Committee.

13. Closure of the meeting.

AGENDA ITEM 2: INTRODUCTORY REMARKS

7. The Chair pointed out that, for the first time, the Fund's financial and business planning process would be guided by a three-year compliance-oriented model phase-out plan that indicated quite precisely how many tonnes of each ODS needed to be eliminated in each Article 5 Party in order to ensure compliance with all Montreal Protocol control measures up to the 85 per cent CFC reduction step in 2007. It was the Sub-Committee's important responsibility to review the 2003 business plans and consolidated business plan of the Fund with a view to ensuring that the required ODS reductions were achieved and he would do his utmost to facilitate its work.

8. The Chief Officer, noting that the current meeting was the first of the triennium and thus had to deal with financial planning, said that the forward commitments approved in principle by the Executive Committee at previous meetings, in addition to standard activities, totalled more than 50 per cent of the US $573 million budget approved by the Parties at their Fourteenth Meeting. Consequently, the preparation of the document on financial planning had posed considerable challenges. In addition, the approach to business planning had changed; it was no longer based on shares for the implementing agencies but on meeting needs in order to ensure compliance. The Sub-Committee would also have to consider two items on monitoring and evaluation, one of which emanated from the implementation of the 2002 monitoring and evaluation work programme and from a decision of the 38th meeting of the Executive Committee, while the second was a report prepared by a consultant on monitoring and evaluation in other international financing institutions. Finally, the Secretariat was proposing some options regarding phase-out from cancelled projects for the Sub-Committee's consideration, and the remaining items related to project implementation delays and project balances, which were permanent features of the agenda.

AGENDA ITEM 3: FINANCIAL PLANNING FOR THE TRIENNIUM 2003-2005

9. The representative of the Secretariat introduced the document on financial planning for the triennium 2003-2005 (UNEP/OzL.Pro/ExCom/39/7), which provided an estimate of resource availability after accounting for approved forward commitments, proposed annual budgets based on the three-year phase-out plan projections, and presented an issue on the calculation of bilateral contributions.

10. With regard to bilateral contributions during the triennium, the proposal put forth by the Secretariat that the bilateral contributions should be based on 20 per cent of uncommitted resources was considered by some representatives to limit the funding options agreed by the Parties. Several representatives indicated that there was a need to provide an allocation that reflected the fact that the amount contributed by Parties under bilateral projects had never exceeded nine per cent of pledged contributions. Representatives also indicated the need to provide resources not used for bilateral contributions to implementing agencies to assist Article 5 Parties to achieve compliance during the triennium.

11. The need to commit all funds for the triennium by the end of 2005 also made it necessary to urge all Parties to pay their pledged contributions.

12. Following the discussion, the Sub-Committee recommended that the Executive Committee:

(a) Note the report on financial planning for the triennium 2003-2005 contained in UNEP/OzL.Pro/ExCom/39/7;

(b) Adopt a resource allocation of US $224 million in 2003, US $191 million in 2004, and US $158 million in 2005;

(c) Urge countries with economies in transition that had not previously paid to pay their contributions to the Fund for the 2003-2005 triennium to enable the compliance of Article 5 countries with the 2005 and 2007 control measures of the Montreal Protocol, and to avoid shortfalls arising from non-payment or delayed payment of pledged contributions during the compliance period for Article 5 countries;

(d) Also urge contributing Parties to make their payments for the year 2003 by June 2003, in accordance with paragraph 7 of decision XI/6 of the Eleventh Meeting of the Parties, to enable the timely implementation of the three-year phase-out plan;

(e) Agree that the US $248 million in resources available for new commitments should be allocated according to the compliance needs of Article 5 countries;

(f) Also agree that the total allocation for the bilateral projects during the triennium, 2003-2005, was US $47.4 million;

(g) Request that contributing Parties that had not submitted an annual business plan for 2003 and/or a three-year business plan do so prior to the 40th Meeting of the Executive Committee;

(h) Also request the Sub-Committee on Monitoring, Evaluation and Finance to consider, at its 20th Meeting, the allocation of any resources from the total bilateral allocation not anticipated to be required by contributing Parties based on the bilateral business plan submitted to the 40th Meeting of the Executive Committee, in view of the compliance requirements of all Article 5 Parties.

AGENDA ITEM 4: CONSOLIDATED 2003 BUSINESS PLAN OF THE MULTILATERAL FUND

13. The Sub-Committee considered the consolidated business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/39/8/Rev.1), which was presented by the Secretariat.

14. Having considered the activities in the business plan, and the anticipated project implementation, some representatives indicated that some of the funds in the 2003 business plan for projects which cost less than the budgeted level might be rolled over to subsequent years of the triennium. In light of strategic planning for compliance, it would be appropriate to start planning how to use those funds to assist Article 5 countries wishing to accelerate phase-out or maintain momentum. It was therefore necessary to formulate clear criteria on how to prioritize the allocation of rollover funds.

15. Following the discussion, the Sub-Committee recommended that the Executive Committee:

(a) Note the consolidated 2003 business plan of the Multilateral Fund contained in UNEP/OzL.Pro/ExCom/39/8/Rev.1;

(b) Adopt 2003 phase-out targets of 22,936 ODP tonnes for consumption and 10,663 ODP tonnes for production, and a 2003 disbursement target of US $121 million for activities financed by the Multilateral Fund;

(c) Request the Secretariat to:

(i) identify funds not required in the current business plan year beginning with 2003 for possible allocation to the next business plan year for the needs of the implementing agencies in assisting Article 5 Parties to meet their compliance targets;

(ii) propose for consideration of the Parties at the 40th Meeting of the Executive Committee, criteria for the redeployment of identified funds to additional projects designed to meet additional compliance needs of Article 5 Parties to assist in early phase-out and/or maintain momentum.

AGENDA ITEM 5: 2003 BUSINESS PLANS:

(a) Bilateral agencies

16. The Sub-Committee considered the document on business plans for bilateral agencies for the year 2003 (UNEP/OzL.Pro/ExCom/39/9 and Corrs.1 and 2), which was presented by the Secretariat.

17. Following the presentation, one representative suggested that bilateral agencies be asked to remove from their business plans any projects that were not clearly eligible for funding under the rules and guidelines of the Multilateral Fund, or that were inconsistent with the three-year phase-out plan. Another representative stated that, while some projects in bilateral business plans might not seem directly linked to 2005 phase-out targets, they addressed 2007 and 2010 targets, or made a significant contribution to total phase-out strategies. Further consideration and consultation with Parties was therefore required before removing those projects from bilateral business plans. Most representatives agreed that it was nevertheless appropriate to remind bilateral agencies to keep the rules and guidelines of the Multilateral Fund and the three-year phase-out plan in mind when formulating their business plans.

18. Following the exchange, the Sub-Committee recommended that the Executive Committee note with appreciation the business plans and letters on bilateral cooperation submitted by: Canada, Czech Republic, France, Germany, Hungary, Italy, Japan, Sweden, and the United Kingdom, as addressed in UNEP/OzL.Pro/ExCom/39/9 and Corrs.1 and 2.

(b) UNDP

19. The representative of UNDP presented UNDP's business plan for the year 2003 (UNEP/OzL.Pro/ExCom/39/10 and Corr.1).

20. Following the presentation, the representative of UNDP said that she would appreciate receiving guidance from the Sub-Committee on two policy issues: when metered dose inhaler (MDI) subsector projects should be addressed in the agency's business plans; and the criteria to be used to verify and certify reduction in consumption.

21. The Sub-Committee recommended that the Executive Committee:

(a) Note that MDI strategies in India and Nicaragua and the methyl bromide activity in Zimbabwe would be re-phased to the 2004 or 2005 business plan pending a decision of the Executive Committee on funding for projects to maintain momentum or accelerate phase-out;

(b) Endorse the 2003 business plan of UNDP contained in UNEP/OzL.Pro/ExCom/39/10 and Corr.1, as modified above, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;

(c) Approve a target of 223 investment projects to be completed in 2003 and a target for cost-effectiveness from approvals in 2003 of US $6.57/kg.;

(d) Also approve the performance indicators for UNDP set out in Tables 1 and 2 of the Fund Secretariat's comments contained in UNEP/OzL.Pro/ExCom/39/10 and Corr.1, while setting a phase-out target of 5,684 ODP tonnes for 2003 for the investment project performance indicator (Annex I to the present report).

(c) UNEP

22. The representative of UNEP presented UNEP's business plan for the year 2003 (UNEP/OzL.Pro/ExCom/39/11 and Corr.1).

23. Following the presentation, one representative drew attention to the fact that UNEP's projects in the servicing sector and customs training in India were just two of various projects in those areas in India, raising concerns with regard to coordination. Furthermore, the terminal phase-out plan in the Islamic Republic of Iran, and the fact that 85 per cent of phase-out had already been achieved in Sri Lanka made UNEP's projects in those countries inconsistent with the three-year phase-out plan.

24. With regard to performance indicators, one representative said that it would be interesting to see how UNEP's indicators developed from one year to the next. The representative of the Secretariat pointed out that the implementation of the business plans of all implementing agencies, including UNEP, underwent annual evaluations, but that it would be possible to conduct cumulative evaluations going back to the beginning of the business planning exercise. Another representative said that it would be useful to have cumulative statistics for all implementing agencies, and not just UNEP.

25. Following the discussion, the Sub-Committee recommended that the Executive Committee:

(a) Note that UNEP agreed to withdraw from its business plan the following activities:

(i) Technical assistance component to promote local Trichoderma production as a methyl bromide alternative in Kenya;

(ii) Regional workshop on technology transfer for local assembly of mobile R & R equipment adapted to local needs proposed and to be hosted by Uruguay;

(iii) Regional workshop on CTC alternatives proposed and to be hosted by Uruguay;

(b) Also note that UNEP agreed to re-phase the following activity in line with its 2004 business plan:

- Capacity-building to enable building owners/managers to take informed decisions concerning the replacement of chillers in Uruguay, pending a decision of the Meeting of the Parties on chillers;

(c) Endorse the 2003 business plan of UNEP contained in UNEP/OzL.Pro/ExCom/39/11 and Corr.1, as modified above, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels with any modifications as noted for the following activities:

(i) Customs and policy training implementation in India, provided it was not presented as a stand-alone project but rather as a project in coordination with other bilateral and implementing agencies working in the sector;

(ii) Training and awareness component of refrigeration air conditioning (RAC) servicing sector strategy implementation in India, provided it was not presented as a stand-alone project but rather as a project in coordination with other bilateral and implementing agencies working in the sector;

(iii) Implementation of the non-investment component of the national compliance assistance programme (NCAP) in the Islamic Republic of Iran, pending presentation of the country's terminal phase-out plan; and

(iv) Implementation of the non-investment component of the NCAP in Sri Lanka would be re-phased to the 2004 or 2005 business plan pending a decision of the Executive Committee on funding for projects to maintain momentum or accelerate phase-out;

(d) Approve the performance indicators for UNEP set out in Table 1 of the Secretariat's comments contained in UNEP/OzL.Pro/ExCom/39/11 and Corr.1 and set a phase-out target for non-investment projects of 17 ODP tonnes (Annex II to the present report);

(e) Also approve the performance indicators unique to UNEP set out in Table 2 of the Secretariat's comments contained in UNEP/OzL.Pro/ExCom/39/11 and Corr.1 (Annex II to the present report).

(d) UNIDO

26. The representative of UNIDO presented UNIDO's business plan for the year 2003 (UNEP/OzL.Pro/ExCom/39/12).

27. Following the presentation, one representative pointed out that UNIDO's CFC production closure project in Mexico would take the country beyond the 85 per cent reduction required to meet the 2007 target. However, since the project was of great value and would contribute significantly to Mexico's overall compliance, the representative suggested that the project be maintained in UNIDO's business plan.

28. The issue of UNIDO's target for the net emissions due to implementation delays performance indicator was also addressed, and set at 7,000 ODP tonnes.

29. Following the discussion, the Sub-Committee recommended that the Executive Committee:

(a) Endorse the 2003 business plan of UNIDO contained in UNEP/OzL.Pro/ExCom/39/12, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;

(b) Request UNIDO to adopt the target of 7,000 ODP tonnes for the performance indicator net emissions due to implementation delays at the 39th Meeting;

(c) Approve the performance indicators for UNIDO set out in Tables 1 and 2 of the Fund Secretariat's comments contained in UNEP/OzL.Pro/ExCom/39/12, while setting a phase-out target for investment projects of 6,907 ODP tonnes for 2003 and a phase-out target for non-investment projects of 146 ODP tonnes (Annex III to the present report).

(e) World Bank

30. The representative of the World Bank presented the World Bank's business plan for the year 2003 (UNEP/OzL.Pro/ExCom/39/13 and Corr.1).

31. After discussion on the planned activities and ODS phase-out during 2003-2005, the projects that might not meet the requirements of the three-year phase-out plan, and the performance indicators, the Sub-Committee recommended that the Executive Committee:

(a) Note that MDI activities in Argentina and CFC activities in Indonesia and Tunisia should be re-phased to the 2004 or 2005 business plan pending a decision of the Committee on funding for projects to maintain momentum or accelerate phase-out;

(b) Also note that the CTC consumption and production project in India would be submitted to the 40th Meeting of the Executive Committee, at which time the level of funding indicated in the business plan could be adjusted;

(c) Endorse the 2003 business plan of the World Bank contained in UNEP/OzL.Pro/ExCom/39/13 and Corr.1, as modified, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;

(d) Approve the performance indicators for the World Bank set out in Tables 1 and 2 of the Fund Secretariat's comments contained in UNEP/OzL.Pro/ExCom/39/13 and Corr.1, while setting a phase-out target of 20,747 ODP tonnes for 2003 for the investment project performance indicator, with the understanding that the appropriate level would depend on CTC phase-out approved for India (Annex IV to the present report);

(e) Also approve a target of 40 investment projects to be completed in 2003.

AGENDA ITEM 6: MONITORING AND EVALUATION

32. The Sub-Committee considered the following reports:

(a) Extended desk study on RMP evaluation

33. The Senior Monitoring and Evaluation Officer introduced the report on the extended desk study on RMP evaluation (UNEP/OzL.Pro/ExCom/39/14), which presented the results of a desk study and selected country studies with regard to RMPs.

34. After discussing the approach to the extended desk study, the concept of RMPs and factors determining their outcome, the comparative assessment of RMP performance in Jamaica, Saint Lucia and Guatemala, the observations made and the problems identified, and the issues and approach for further evaluations of RMPs, the Sub-Committee recommended that the Executive Committee take note of the information provided in document UNEP/OzL.Pro/ExCom/39/14, including the proposed evaluation issues and approach for further evaluations of RMPs, with the understanding that the Senior Monitoring and Evaluation Officer would also take into account the comments and suggestions made by members of the Sub-Committee during the Meeting.

(b) Results of the analysis of the current procurement procedures of the implementing agencies

35. The Senior Monitoring and Evaluation Officer introduced the results of the analysis of the current procurement procedures of the implementing agencies (UNEP/OzL.Pro/ExCom/39/15), recalling that the analysis had been conducted in response to Decision 38/2(d) of the Executive Committee. The implementing agencies concerned (UNDP, UNIDO and the World Bank) had explained the bidding and procurement procedures they followed and, in the light of their replies, it appeared that the existing regulations and procedures in the agencies took care of the concerns expressed in the Executive Committee’s Decision.

36. Having considered the results, the Sub-Committee recommended that the Executive Committee take note of the information provided in document UNEP/OzL.Pro/ExCom/39/15.

AGENDA ITEM 7: INSTITUTIONAL PROCEDURES OF MONITORING AND EVALUATION IN RELEVANT INTERNATIONAL FINANCING INSTITUTIONS: REPORT FROM THE CONSULTANT

37. Mr. Fuat Andic, consultant, introduced the report on the institutional procedures of monitoring and evaluation (units and persons) in other relevant international financing

institutions (UNEP/OzL.Pro/ExCom/SCMEF/19/2), which he had been engaged to prepare in response to a request to the Secretariat by the Sub-Committee at its 18th Meeting.

38. He said that in addition to the three institutions mentioned in the Sub-Committee's request, he had decided to add the United Nations Development Programme, the Asian Development Bank, the United Nations High Commissioner for Refugees, and the United Nations Industrial Development Organization, in order to broaden the basis for comparison. He drew attention to the essential differences between monitoring – which was an ongoing function – and evaluation – which was a time-bound exercise. Three of the reasons why evaluation was so important were to ensure greater accountability in the use of resources, to provide a clearer basis for decision-making, and to learn practical lessons from experience to guide future actions and intervention. The major principles underpinning evaluation were independence, integrity and impartiality. His analysis had shown that in all the institutions the terms of reference for evaluations were prepared internally and discussed with the staff concerned. The heads of the evaluation offices were either nominated by the chief executive officer and then approved by the Board or were directly appointed by the Board. Reports were corporate products and were presented either directly to the Board or to the chief executive officer, with or without a mention of the consultant's name. He had noted that there were considerable variations in the role played by the chief executive officer during the evaluation process.

39. Based on his findings, the following conclusions could be drawn: all organizations were particularly sensitive to the independence of the evaluations; there were variations regarding the appointments and reporting procedures and the role of the chief executive officer; the ultimate aim for the organization was to fulfil its mandate to the best of its ability; evaluations were advisory in nature; and final responsibility always lay with the Board.

40. In response to questions raised during the ensuing discussion, Mr. Andic said that conclusions and recommendations had to have internal consistency, otherwise the evaluation would be useless. Regarding whether or not an evaluation should be carried out internally or rather by external consultants, he pointed out that an evaluation officer could not be an expert in every domain and frequently needed outside help. The evaluation mission could be headed by an outside consultant or an evaluation officer of the organization, and could be a collaborative effort.

41. The Sub-Committee held a lengthy discussion on the roles of the Chief Officer and the Senior Monitoring and Evaluation Officer with regard to monitoring and evaluation, and was unable to reach a definite conclusion. However, it recommended that the Executive Committee take note of the Consultant's report and consider clarifying the issue, particularly the following two questions:

(a) Could the Senior Monitoring and Evaluation Officer exercise a certain independence within the Secretariat in the context of United Nations staff rules?

(b) Who had final responsibility for the evaluation reports presented to the Executive Committee and to the Sub-Committee on Monitoring, Evaluation and Finance, particularly with respect to technical and/or policy recommendations?

AGENDA ITEM 8: PHASE-OUT FROM CANCELLED PROJECTS

42. The Sub-Committee considered the document on phase-out from cancelled projects (UNEP/OzL.Pro/ExCom/39/16), which was presented by the Secretariat.

43. There followed a discussion on counting ODS phase-out from cancelled projects, proposals for recording ODS phase-out from cancelled projects, and options for measuring phase-out in cancelled projects.

44. During the discussion, one representative raised the issue of how to determine the maximum level of funding that could be approved for previously cancelled projects submitted for reapplication. Decision 29/8 already stipulated that the amount could be no greater than that previously approved, but some representatives considered that the level of funding should not exceed the balance of what was previously approved, since some projects were being cancelled when substantial levels of funding had already been disbursed.

45. Following the discussion, the Sub-Committee recommended that the Executive Committee:

(a) Note the report on the ODS phase-out from cancelled projects contained in UNEP/OzL.Pro/ExCom/39/16;

(b) Adopt the following two options:

(i) If an enterprise was provided with equipment needed for conversion to non-ODS technology, the full amount of ODS envisioned for phase-out in the approved project should be recorded as the phase-out;

(ii) If an enterprise was provided with some items of equipment and such items could not be transferred by the implementing agency concerned to another enterprise(s) in the country or the region, the cost-effectiveness of the approved project should be used to calculate an amount of ODS phase-out proportional to the cost of equipment items and other associated costs, by dividing the amount of funds disbursed to the enterprise by the cost-effectiveness value. The resulting amount should be recorded as the phase-out;

(c) Request the Secretariat to prepare, by the 40th Meeting of the Executive Committee, advice on how to deal with the issue of funding levels when reapplying for assistance for projects that had previously been cancelled.

AGENDA ITEM 9: PROJECT IMPLEMENTATION DELAYS

46. The Sub-Committee considered the report on implementation delays (UNEP/OzL.Pro/ExCom/39/17), which was presented by the Secretariat.

47. Having considered the report from the World Bank on the umbrella TCA project in Argentina (ARG/SOL/28/INV/91), projects where agencies and the Secretariat disagreed on assessment of some progress, possibilities of redeployment of equipment from the cancelled projects (CPR/REF/23/INV/222 and CPR/REF/26/INV/256), possible cancellation of the project (GLO/SEV/21/TAS/130), and after hearing a report from the relevant implementing agency with regard to each proposed cancellation, the Sub-Committee recommended that the Executive Committee:

(a) Note the document on project implementation delays (UNEP/OzL.Pro/ExCom/39/17);

(b) Also note with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, France, Germany and the four implementing agencies;

(c) Further note that the Secretariat and the implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress, and report and notify governments as required, including the Quimica Andina foam project in Bolivia (BOL/FOA/28/INV/10) on which no progress had been reported;

(d) Decide to partially cancel the umbrella TCA project in Argentina (ARG/SOL/28/INV/91) under World Bank implementation due to the inability of three of the enterprises to participate in the project, noting that none of the funds had been disbursed for those enterprises and no ODS phase-out achieved;

(e) Request the Secretariat to send letters of possible cancellation for the Chilean auction project (CHI/MUS/26/INV/37) and the Army company component of the umbrella foam project in Egypt (EGY/FOA/22/INV/64);

(f) Cancel the following projects by mutual agreement and request UNIDO to investigate the possibility of redeploying the equipment from those cancelled projects to the sector plan, and adjust the future work programmes in the light of the redeployment as part of UNIDO's request for the second tranche of the sector plan:

(i) Conversion from CFC-12 to isobutane technologies and products at the compressor factory of Hangli Refrigeration Ltd., in Hangzhou, China (CPR/REF/26/INV/256), implemented by UNIDO, noting that US $674,109 of the net US $861,000 approved for the project had been disbursed up to 2002 with no direct phase-out of ODS consumption, since this was a compressor project;

(ii) Phasing out of ODS at the refrigerator plant of Bole Electric Appliance Group in China (CPR/REF/23/INV/222), implemented by UNIDO, noting that US $1,145,659 of the net US $1,469,029 approved for the project had been disbursed up to 2002 with 132 ODP tonnes phased out;

(g) Also cancel the following projects by mutual agreement:

(i) Project preparation for phasing out of ODS use in Pliva Pharmaceuticals in Croatia (CRO/ARS/36/PRP/16), implemented by Germany, noting that the funds approved for the project (US $16,500 plus US $2,145 of support cost) should be offset against future approvals for Germany;

(ii) Conversion from halon 1211 to ABC dry chemical powder and carbon dioxide in portable extinguishers at Real Value Appliances Ltd in India (IND/HAL/18/INV/60), implemented by the World Bank, noting that no funds had been disbursed of the US $251,736 approved for the project with 462 ODP tonnes phased out of ODS consumption on the part of the enterprise concerned;

(iii) H.K. Foam. Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam in the United Republic of Tanzania (URT/FOA/26/INV/10) implemented by UNDP, noting that US $7,957 of the US $113,700 approved for the project had been disbursed up to 2002 with no phase-out of ODS consumption.

(h) Note the completion of the activity to develop a handbook on the practical use of policy instruments (GLO/SEV/21/TAS/130), implemented by UNEP;

(i) Request the implementing agencies to reimburse to the Multilateral Fund all remaining balances from cancelled projects, as well as those funds from cancelled umbrella projects.

AGENDA ITEM 10: PROJECT BALANCES

48. The Sub-Committee considered the report on completed projects with balances and the return of funds from cancelled projects (UNEP/OzL.Pro/ExCom/39/18), which was presented by the Secretariat.

49. The meeting discussed balances from projects completed over two years previously, and considered actions to address an increased level of balances held for over two years by the implementing agencies. Some representatives said that, given the long delays and large amounts of funds involved, it was necessary to send a strong signal to implementing agencies that still had not reimbursed balances from projects completed over two years previously.

50. Following the discussion, the Sub-Committee recommended that the Executive Committee:

(a) Note the report on project balances contained in UNEP/OzL.Pro/ExCom/39/18;

(b) Also note the levels of funds being returned to the 39th Meeting totalling US $5,120,933 including support costs as follows by agency: US $2,662,757 from UNDP and agency support costs of US $346,159, including reimbursement of funds previously returned for one project in error by UNDP; US $708,297 from UNIDO and agency support costs of US $91,324; and US $1,121,320 from the World Bank and agency support costs of US $191,076, including the reimbursement of funds returned in error by the Bank for one project and the reimbursement of financial intermediary fees for cancelled projects;

(c) Further note that implementing agencies had balances totalling US $3,381,057, excluding support costs, from projects completed over two years previously: UNDP (US $1,121,615 plus support costs); UNIDO (US $1,670,822 plus support costs); and the World Bank (US $588,620 plus support costs);

(d) Request the Chair of the Executive Committee to send a letter to the head administrators of UNDP and UNIDO expressing the Multilateral Fund's strong concern with regard to the large amounts corresponding to non-reimbursed balances for projects completed two years previously, and requesting that those amounts be returned immediately to the Multilateral Fund for reprogramming.

AGENDA ITEM 11: OTHER MATTERS

51. There was no discussion under this agenda item.

AGENDA ITEM 12: ADOPTION OF THE REPORT OF THE SUB-COMMITTEE

52. The Sub-Committee adopted the present report on the basis of the draft report contained in document UNEP/OzL.Pro/ExCom/SCMEF/19/L.1.

AGENDA ITEM 13: CLOSURE OF THE MEETING

53. The Chair declared the meeting closed at 3:50 p.m. on Tuesday, 1 April 2003.

Annex I

2003 BUSINESS PLAN PERFORMANCE INDICATORS FOR UNDP

Table 1

Investment Project Performance Indicators

ITEMS	Year 2003 Targets
Weighted indicators	
Actual ODS phased out from completed projects (ODP tonnes)	5,684
Disbursement (US$)	$38,000,000
Satisfactory project completion reports received (percentage)	100%
Distribution of projects among countries in business plan (number of countries)	50
Timely submission of progress report	On time
Non-weighted indicators	
Number of investment projects to be completed in year of business plan	223
Net emissions(reductions) of ODP resulting from implementation delays(early completion) (ODP tonnes)	14,000
Value of Projects to be Approved in 2003(US$)	$51,580,000
ODP from Projects to be Approved in 2003	8,796
Cost of Project Preparation	2.4%
Cost-effectiveness from Approvals (US$/ODP in kg)	6.57
Speed of delivery (first disbursement)	12
Speed of delivery (completion)	30

Table 2

Non-Investment Performance Indicators

ITEMS	Year 2003 Targets
Weighted indicators	
Number of Projects to be Completed	10
Funds Disbursed (US$)	$2,000,000
Speed of delivery (first disbursement)	12
Speed of delivery (completion)	30
Timely submission of progress report	On time
Non-weighted indicators	
Appropriate & timely policies initiated by countries as a result of non-investment activities (number)	3
Reduction in ODS consumption over and above that effected by investment projects (ODP tonnes) /a	150

/a Corresponds to Institutional Strengthening (non-INV)

Annex II

2003 BUSINESS PLAN PERFORMANCE INDICATORS FOR UNEP

Table 1

Non-Investment Performance Indicators

ITEMS	Year 2003 Targets
Weighted indicators	
Number of Projects to be Completed	60% of total projects approved
Funds Disbursed (US$)	73% of approved funding
Speed of delivery (first disbursement)	6 months
Speed of delivery (completion)	26 months
Timely submission of progress report	Timely submission
Non-weighted indicators	
Appropriate & timely policies initiated by countries as a result of non-investment activities (number)	17 countries to establish or modify policies during 2003
Reduction in ODS consumption over and above that effected by investment projects (ODP tonnes)	17

Table 2

UNEP Specific Non-Investment Performance Indicators

ITEMS	2003 Targets
Number of newsletters	3
Number of joint/regional activities which Network members are involved	2 per region
Improvement over previous years in data reporting and enacting the legislation and policies for ODS phase-out in Networking and institutional strengthening countries	80% of all Network countries
The extent of awareness-raising activities initiated by the countries as a result of UNEP's publications	Qualitative, but can be expressed in the number of brochures, awareness raising products produced by countries
The 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
The extent to which the networks are used by the Agencies and the Secretariat in developing their work or explaining new policies	Qualitative

Annex III

2003 BUSINESS PLAN PERFORMANCE INDICATORS FOR UNIDO

Table 1

Investment Project Performance Indicators

ITEMS	Year 2003 Targets
Weighted indicators	
Actual ODS phased out from completed projects (ODP tonnes)	6,907
Disbursement (US$)	$25,000,000
Satisfactory project completion reports received (percentage)	100%
Distribution of projects among countries in business plan (number of countries)	20
Timely submission of progress report	Submission on time
Non-weighted indicators	
Number of investment projects to be completed in year of business plan	60
Net emissions(reductions) of ODP resulting from implementation delays(early completion) (ODP tonnes)	7,000
Value of Projects to be Approved in 2003 (US$)*	$40,000,000
ODP from Projects to be Approved in 2003	6,500 ODP tonnes incl. forward commitments
Cost of Project Preparation	2.7%
Cost-effectiveness from Approvals (US$/ODP in kg)	7.00
Speed of delivery (first disbursement)	9.5 months
Speed of delivery (completion)	34 months

* Excluding support costs

Table 2

Non-Investment Performance Indicators

ITEMS	Year 2003 Targets
Weighted indicators	
Number of Projects to be Completed	11
Funds Disbursed (US$)	$358,000
Speed of delivery (first disbursement)	10 months
Speed of delivery (completion)	32 months
Timely submission of progress report	Submission on time
Non-weighted indicators	
Appropriate & timely policies initiated by countries as a result of non-investment activities (number)	At least in one country
Reduction in ODS consumption over and above that effected by investment projects (ODP tonnes)	146

Annex IV

2003 BUSINESS PLAN PERFORMANCE INDICATORS FOR THE WORLD BANK

Table 1

Investment Project Performance Indicators

ITEMS	WORLD BANK
Weighted indicators	
Actual ODS phased out from completed projects (ODP tonnes)	20,747*
Disbursement (US$)	$58,000,000
Satisfactory project completion reports received (percentage)	100%
Distribution of projects among countries in business plan (number of countries)	17
Timely submission of progress report	Submission on time
Non-weighted indicators	
Number of investment projects to be completed in year of business plan	40
Net emissions(reductions) of ODP resulting from implementation delays(early completion) (ODP tonnes)	27,850
Value of Projects to be Approved in 2003(US$)**	$93,600,000
ODP from Projects to be Approved in 2003	17,427
Cost of Project Preparation	0.6%
Cost-effectiveness from Approvals (US$/ODP in kg)	Within US $5.06
Speed of delivery (first disbursement)	26
Speed of delivery (completion)	41

*With the understanding that the appropriate level would depend on CTC phase-out approved for India.
** Including support costs

Table 2

Non-Investment Performance Indicators

ITEMS	Year 2003 Targets
Weighted indicators	
Number of Projects to be Completed	8
Funds Disbursed (US$)*	$1,270,000
Speed of delivery (first disbursement)	20 months
Speed of delivery (completion)	33
Timely submission of progress report	Submission on time
Non-weighted indicators	
Appropriate & timely policies initiated by countries as a result of non-investment activities (number)	Specific policies identified for 1 country
Reduction in ODS consumption over and above that effected by investment projects (ODP tonnes)	370 ODP tonnes from the on-going recovery and recycling projects

* Including agency fees
