



United Nations
Environment
Programme



Distr.
General

UNEP/OzL.Pro/ExCom/29/4
24 November 1999

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-ninth Meeting
Beijing, 24-26 November 1999

**REPORT OF THE NINTH 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 met at Beijing on 21 and 22 November 1999.
2. The meeting was attended by the members of the Sub-Committee, the representatives of the Bahamas, Belgium, Canada, China, Sweden and Uganda, as well as by representatives of the implementing agencies, the Ozone Secretariat, and the Treasurer.
3. The meeting was also attended by representatives of Italy, Japan and the United States of America as observers.
4. The Chairperson of the Sub-Committee, Ms. Ludgarde Coppens (Belgium), opened the meeting and welcomed the participants.

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

5. The Sub-Committee adopted the following agenda:
 1. Adoption of the agenda and organization of work.
 2. Implementation of the 1999 monitoring and evaluation work programme:
 - (a) Report on the evaluation of refrigeration projects;
 - (b) Report on the evaluation of institutional strengthening projects;
 - (c) Desk study on foam projects;
 - (d) Consolidated project completion report.
 3. Draft work programme for monitoring and evaluation for the year 2000.
 4. Project implementation delays:
 - (a) Overview
 - (b) Bilateral cooperation
 - (c) UNDP
 - (d) UNEP
 - (e) UNIDO
 - (f) World Bank
 5. Consequences of project cancellation.
 6. Completed projects with balances.
 7. Status report on ODS phase-out in Article 5 countries: implementation of Decision 28/25.
 8. Consolidated draft business plan of the Multilateral Fund for the year 2000.
 9. Draft business plans for the year 2000 of:
 - (a) UNDP
 - (b) UNEP
 - (c) UNIDO
 - (d) World Bank
 10. Proposed budget of the Fund Secretariat for the year 2000.
 11. Other matters.
 12. Adoption of the report of the Sub-Committee.
 13. Closure of the meeting.

AGENDA ITEM 2: IMPLEMENTATION OF THE 1999 MONITORING AND EVALUATION WORK PROGRAMME

- (a) Report on the evaluation of refrigeration projects; and**
- (b) Report on the evaluation of institutional strengthening projects**

6. The Senior Monitoring and Evaluation Officer introduced the sections of the report on the implementation of the 1999 work programme for monitoring and evaluation (UNEP/OzL.Pro/ExCom/29/5 and Corr.1 and Add.1) relating to the evaluation of refrigeration sector projects and the evaluation of institutional strengthening projects.

7. During the discussion, the Sub-Committee noted with satisfaction the consistent approach applied by the Senior Monitoring and Evaluation Officer in the evaluation of the above two subjects, that there was appropriate coverage of the types of project, and that the lack of balance in the geographical coverage was due to temporary factors that would be rectified in the future. It was proposed that an attempt be made to secure greater involvement of the national ozone units in the evaluation process.

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

- (a) Take note of the preliminary summaries of the evaluations of refrigeration and institutional strengthening projects and request the Senior Monitoring and Evaluation Officer to submit to it at its Thirtieth Meeting the final reports on the evaluation of refrigeration projects and institutional strengthening projects with an action plan to follow up the results of those evaluations; and**
- (b) Request the Senior Monitoring and Evaluation Officer to incorporate the destruction of ODS-based production machinery into the list of main evaluation issues.**

(c) Desk study on foam projects

9. The Senior Monitoring and Evaluation Officer introduced the section of the report on the implementation of the 1999 work programme for monitoring and evaluation (UNEP/OzL.Pro/Ex.Com/29/5 and Corr.1 and Add.1) relating to the summary of the desk study on the evaluation of foam projects.

10. The Sub-Committee held an exchange of views on whether the Executive Committee and the Monitoring, Evaluation and Finance Sub-Committee should be able to request the inclusion of specific projects in the evaluation. Subsequently, the Sub-Committee recommended that the Executive Committee take note of the approach proposed for the evaluation of foam projects.

(d) Consolidated project completion report

11. The Senior Monitoring and Evaluation Officer introduced the section of the report on the implementation of the 1999 work programme for monitoring and evaluation

(UNEP/OzL.Pro/ExCom/29/5 and Corr.1 and Add.1) relating to the consolidated project completion report.

12. The discussion in the Sub-Committee centred on the recommendation in the report that a percentage of the administrative cost for each project should not be transferred to the implementing agencies at the time of approval, and should be withheld until the project was completed and the completion report and the final financial statement had been received.

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

- (a) Take note of the schedules prepared by the implementing agencies to deal with the backlog of project completion reports, as annexed to the current report;
- (b) Request the Secretariat to prepare, for the third Meeting of the Executive Committee in the year 2000, a report on the implementing agencies' compliance with the schedules for submission of project completion reports and on the practicalities and the legal aspects of withholding a part of the administrative costs for a project until such time as the project completion report, including the final financial data, has been submitted;
- (c) Note that, where a project was approved before 1995, the project completion report should include only the basic information required, tied to the original project proposal;
- (d) Decide that, where a project completion report has been submitted to a national ozone unit or Government for comments and no response has been received after a period of one month, the implementing agency should submit the project completion report to the Secretariat, with the clear notation that it has not been approved by the national ozone unit or the Government concerned. The implementing agency should also inform the relevant Government that the project completion report has been submitted to the Secretariat and should invite the Government to comment on the project completion report, as appropriate;
- (e) Further decide that information covering the ongoing UNEP activities should be included within the framework of the annual progress report;
- (f) Request the Senior Monitoring and Evaluation Officer to organize a workshop, bringing together the implementing agencies and the Secretariat, to discuss and finalize elements to be included in a revised project completion report format and, with regard to institutional strengthening projects, to examine the question of merging the project completion report and terminal report into a new template to be used for project extension. At this workshop, reporting related to country programmes will also be discussed, taking into account the need for information on the past country programmes in the context of preparing updated country programmes. A report on the outcome of the workshop should be submitted to the Executive Committee at its Thirtieth Meeting;

- (g) Note that, for institutional strengthening projects, project completion reports should still be submitted to the Senior Monitoring and Evaluation Officer only in cases where there were no requests for extension;
- (h) Decide that information required on the completion of country programmes should be included within the framework of the agencies' annual progress reports;
- (i) No project completion reports are requested for project preparation projects. Instead, the Senior Monitoring and Evaluation Officer will send a questionnaire to the implementing agencies to obtain information on project preparation for projects included in the sample of projects to be evaluated.

AGENDA ITEM 3: DRAFT WORK PROGRAMME FOR MONITORING AND EVALUATION FOR THE YEAR 2000

14. The Senior Monitoring and Evaluation Officer introduced the draft work programme for monitoring and evaluation for the year 2000 (UNEP/OzL.Pro/ExCom/29/6), drawing particular attention to its section II (a), on guiding principles, II (c) on schedule of reports to the Executive Committee, and II (e) containing a proposed budget for the work programme. The Senior Monitoring and Evaluation Officer clarified that, during the process of report preparation, Parties could view the drafts being prepared and have an opportunity to provide their inputs into them.

15. Concerning reports to the Executive Committee, the Sub-Committee noted the desirability of also undertaking a desk study on the evaluation of recovery and recycling projects.

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

- 17. (a) Approve the proposed work programme;
- (b) Approve the budget for its implementation in the amount of US \$361,000;
- (c) Request the Senior Monitoring and Evaluation Officer to prepare, for submission to the Thirtieth Meeting of the Executive Committee, a paper on the possibility of incorporating a desk study on the recovery and recycling projects into the work programme for monitoring and evaluation for the year 2000.

AGENDA ITEM 4: PROJECT IMPLEMENTATION DELAYS

18. The Secretariat introduced the report on project implementation delays (UNEP/OzL.Pro/ExCom/29/7 and Corr.1), which also addressed reports required under the following Executive Committee decisions: the project implementation delays of bilateral agencies (Decision 28/11(c); projects for which the beneficiary had delayed implementation (Decision 28/6); steps taken to expedite the provision of national measures for recovery and recycling projects (Decision 28/10); specific agency projects from UNEP (Decisions 28/13c and 28/26); and continued CFC use after project completion for the Hualing project in China (Decision 28/5).

19. The Secretariat drew attention to three different types of projects showing implementation delays identified in the report: those without progress since the last progress report, listed by agency in Table 1; those which had experienced progress and were recommended for removal from the list of projects with implementation delays, contained in Annex I; and those which had experienced some progress and were recommended for continued monitoring, contained in Annex II.

20. Following clarification by the implementing agencies on the status of projects contained in Table 1 of the Secretariat's report and of some projects in Annex II, and an exchange of views among several members of the Sub-Committee, the Sub-Committee recommended that the Executive Committee:

(a) Note with appreciation the reports on projects that have experienced implementation delays from the Governments of Australia, France and the United States of America and the four implementing agencies;

(b) Decide to remove the projects that have experienced progress (as contained in Annex I to document UNEP/OzL.Pro/ExCom/29/7 and Corr.1) from the list of projects with implementation delays;

(c) Further decide to maintain the projects that have shown some progress (as contained in Annex II to document UNEP/OzL.Pro/ExCom/29/7 and Corr.1) for future reporting on projects with implementation delays, as appropriate;

(d) Note that the Hualing project (CPR/REF/22/INV/204), referred to in Decision 28/5 in connection with continued CFC use after project completion, has stopped using CFCs;

(e) Approve UNIDO's request to cancel the Leulmi Foam project (ALG/FOA/22/INV/21) on the condition that any remaining funds should be returned and with the understanding that Leulmi Foam may not resubmit a request to the Multilateral Fund for any further support;

(f) Approve UNIDO's request to transfer the equipment from the Leulmi Foam project to the Maghreb Mousse project (ALG/FOA/26/INV/29) on the condition that any remaining funds for this project (as a result of receiving equipment from the Leulmi Foam project) should be returned to the Multilateral Fund;

(g) Approve the cancellation of the Technofrig S.A. project of Romania (ROM/REF/19/INV/08) on the condition that any remaining funds for this project should be returned and with the understanding that Technofrig S.A. may submit a request for a different new project to the Multilateral Fund.

21. After hearing an update on the status of projects without progress since the last progress report, the Sub-Committee decided:

(a) To request the Secretariat, on behalf of the Executive Committee, to send notices of possible cancellation for the following projects identified by the implementing agencies in accordance with Decision 26/2:

Agency	Project number	Short project title
UNDP	ARG/FOA/20/INV/48	Suavestar: flexible foam slabstock
UNDP	PER/REF/15/INV/04	Andina: domestic ref. inv.
UNDP	PRC/REF/20/TAS/04	Recovery and recycling of refrigerant
UNDP	VEN/REF/17/INV/40	Nutal: commercial ref. inv.
UNEP	MOZ/SEV/15/INS/03	Institutional Strengthening for the phase-out of ODS
UNIDO	SUD/REF/19/INV/06	Coldair, Modern Refrigerator & Metal furniture Co., Sheet Metal Industries Co
World Bank	ARG/REF/18/INV/35	Elimination of CFCs in domestic refrigerator production plants in Aurora S.A.
World Bank	ARG/REF/18/INV/36	Piragua S.A., and Piragua San Luis
World Bank	ARG/REF/19/INV/43	Adzen S.A. C.I.F.
World Bank	IDS/FOA/15/INV/30	Musimassejahtera Abadi
World Bank	IND/HAL/18/INV/60	Real Value Appliances Ltd.

(b) To request the Secretariat, on behalf of the Executive Committee, to send notices of possible cancellation for the following projects identified by the implementing agencies in accordance with Decision 26/2, with a copy to the supplier of equipment:

Agency	Project number	Short project title
World Bank	IDS/FOA/11/INV/12	P.T. Foamindo Industri Uretan
World Bank	IDS/FOA/13/INV/16	P.T. Erlangga Trimanunggal Kusumah
World Bank	IDS/FOA/15/INV/19	Positive Foam Industry

(c) To further decide to maintain the following projects that have shown some progress for future reporting on projects with implementation delays, as appropriate:

Agency	Project number	Short project title
UNDP	CAF/FOA/19/INV/04	Vita Centralafrique: flexible foam
UNDP	GUA/REF/18/TAS/09	Recovery and recycling of refrigerant
UNDP	PER/REF/15/INV/06	Inlensa: domestic ref. Inv
UNDP	PER/REF/19/INV/14	Copemaco: chest freezers ref.
UNDP	PER/REF/19/INV/16	Col-Frio: chest freezers ref.
UNDP	VEN/REF/19/INV/49	Hielomatic: com. Ref. coolers & freezers
UNEP	GAM/SEV/19/TRA/03	Training of Customs Officers
World Bank	IND/REF/19/INV/89	Rabi-Run Refrigeration P., Ltd.
World Bank	IND/REF/19/INV/92	Chandra Frig Co. P., Ltd.
World Bank	IND/REF/22/INV/110	Refrigeration Components and Accessories
World Bank	IND/REF/22/INV/123	Hindustan Refrigeration Industries
World Bank	IND/REF/22/INV/124	Refrigerators and Home Appliances P. Ltd.
World Bank	IND/REF/22/INV/125	Maharaja International Ltd.
World Bank	MAL/FOA/17/INV/59	Star Foam Paper Products Sdn. Bhd.

(d) To note the cancellation, through mutual agreement, of the following projects for the reasons and remaining funds, as indicated:

Agency	Project number	Short project title	Reason for Delay	Funds Returned (US\$)
UNDP	CPR/FOA/15/INV/97	Dalian No.1: flex foam slabstock inv.	Change of ownership/mgt.—did not want technology	To be determined (Tbd)
UNDP	CPR/SOL/19/INV/170	Tianjin Pict. Tube: clean electron gun	Bankruptcy	Tbd
UNDP	VEN/REF/18/INV/44	Madosa: domestic ref. inv.	Plant closed due to rationalization	Tbd
World Bank	IND/FOA/17/INV/44	Sree Precoated Steels Ltd. (under SPAP)	Bankruptcy	Tbd
World Bank	PAK/REF/19/INV/11	Domestic Appliances Ltd. (DAL)	Transfer of ownership	Tbd
UNDP	PER/REF/15/INV/07	Inresa: domestic ref. inv.	Bankruptcy	Tbd
UNDP	PER/REF/19/INV/15	Formetal: chest freezers & refrigerators	Bankruptcy	Tbd

(e) To note the closure of the following project preparation activities, the cancellation of the technical assistance activities and the return of the remaining funds, as indicated:

Agency	Project number	Short project title	Funds Returned (US\$)
UNIDO	CMR/SEV/21/PRP/08	Project formulation of investment projects in the foam and refrigeration sectors	Tbd
UNIDO	ECU/SEV/17/PRP/17	Project preparation of an investment project in a plant (Elasta)	Tbd
UNIDO	IVC/REF/16/PRP/04	Project formulation for the ODS phase-out in the refrigeration sector	Tbd
UNIDO	IND/REF/10/TAS/05	Feasibility study for recovery/recycling of CFC refrigerants	Tbd

22. With regard to the recommendation to cancel the Leulmi Foam project (ALG/FOA/22/INV/21) and to transfer its equipment to the Maghreb Mousse project (ALG/FOA/26/INV/29), the Chair indicated that, in her oral report to the Executive Committee, she would draw its attention to the question of whether such decisions on simultaneous cancellation of a project and transfer of project equipment were within the purview of the Sub-Committee on Monitoring, Evaluation and Finance.

AGENDA ITEM 5: CONSEQUENCES OF PROJECT CANCELLATION

23. At its Twenty-eighth Meeting, the Executive Committee had requested the Sub-Committee to reconsider its recommendation on the resubmission of cancelled projects, in particular with respect to the potential frequency and financial implications of allowing cancelled projects to be resubmitted (Decision 28/19). The Secretariat introduced a report on the consequences of project cancellation (UNEP/OzL.Pro/ExCom/29/8), based on input from the

implementing agencies. Following a discussion on the subject, during which various proposals were examined, the Sub-Committee recommended that the Executive Committee decide:

- (a) That no reapplication for assistance from the Multilateral Fund should be allowed for projects that had been cancelled for the following reasons:
 - Transfer of ownership to a non-Article 5 country;
 - Bankruptcy.
- (b) That reapplication for assistance from the Multilateral Fund at a level of funding no greater than that previously approved, following a new decision to be taken on a case-by-case basis, should be allowed for projects that had been cancelled for other reasons such as:
 - Request of the company/financial situation;
 - Persistent project delays (after making sure that the causes of earlier delays had been removed);
 - Lack of response from the beneficiary.

In cases where reapplication was allowed pursuant to subparagraph (b) above, it could not take place within 24 months from cancellation.

Furthermore, second requests for project preparation, pursuant to subparagraph (b), above could be considered as eligible incremental costs on a case-by-case basis, but should not exceed 30 per cent of initial project preparation funds.

24. For those projects that had been cancelled, the decision by the Executive Committee would apply immediately on the basis of the reasons specified for cancelling the project.

AGENDA ITEM 6: COMPLETED PROJECTS WITH BALANCES

25. The Secretariat introduced its report on completed projects with balances (UNEP/OzL.Pro/ExCom/29/9), explaining that the implementing agencies had been requested to indicate the status of remaining balances from projects completed 12 months previously, pursuant to Decision 28/7. Based on information taken from the latest progress reports of the implementing agencies, the Secretariat calculated that the list of projects with balances totalled around US \$9 million. Moreover, the agencies' balance of remaining funds for projects completed through December 1998 was US \$40 million. To date, the requested information had been received from UNDP. Both UNEP and World Bank had indicated that such information would be provided with their annual progress reports, as was also the case of the other agencies. It was important for the Executive Committee to know what balances remained from completed projects in order to re-allocate resources, since there were insufficient funds to approve all the project proposals before the Executive Committee at its current meeting.

26. The representatives of the implementing agencies explained the difficulties they faced in determining precisely when a project should be declared closed, since in a number of cases outstanding obligations still had to be met. Regretting that reliable data were unavailable for the current meeting, they considered that such data could be provided to the Thirtieth Meeting of the Executive Committee.

27. Following the discussion, in which some representatives expressed concern at the extended delay that some of the implementing agencies had in closing their financial accounts of projects and returning the remaining balances to the Multilateral Fund, the Sub-Committee recommended that the Executive Committee decide to:

- (a) Take note with appreciation of the report of UNDP;
- (b) Request a report from each agency, to be submitted to the Thirtieth Meeting of the Executive Committee, on the extent to which the implementing agencies' share of the project balances from projects completed through 1998 has been obligated.

AGENDA ITEM 7: STATUS REPORT ON ODS PHASE-OUT IN ARTICLE 5 COUNTRIES: IMPLEMENTATION OF DECISION 28/25

28. The Secretariat introduced the status report on ODS phase-out in Article 5 countries: implementation of decision 28/25 (UNEP/OzL.Pro/ExCom/29/10), mentioning that the preliminary data received from UNEP and UNIDO had not been circulated to the members of the Sub-Committee because they were very preliminary indeed and limited in terms of the countries concerned. The representatives of the implementing agencies explained some of the difficulties involved in reconciling and verifying conflicting data and assured the Sub-Committee that they were taking decision 28/25 very seriously. Following a discussion, the Sub-Committee recommended that the Executive Committee decide to:

Section A

- (a) Express appreciation for the efforts of UNEP and UNIDO in submitting the preliminary data on countries for which they were managing the institutional strengthening projects;
- (b) Recall section A of decision 28/25, stressing the importance that the implementing agencies fully and diligently comply with that decision in order to facilitate planning by the Executive Committee for the next triennium;
- (c) Request all the implementing agencies to submit a preliminary report – as requested in decision 28/25, second paragraph of section A – to the Executive Committee at its Thirtieth Meeting, with data on each category of ozone-depleting substances reported separately;

- (d) Request the Secretariat to prepare a consolidated report, based on those preliminary data, to the Executive Committee at its Thirtieth Meeting, showing the estimated total quantities and percentage distribution by sector of the consumption of ozone-depleting substances (CFCs, halons and methyl bromide), which had not already been covered by approved investment projects, as well as – with regard to the refrigeration sector – the estimated distribution of that consumption by manufacturing and servicing on the one hand, and installations on site on the other hand. Data on each category of ozone-depleting substance should be reported separately; and
- (e) Reconfirm the request in decision 28/25, second paragraph of section A, that a final report be submitted by the implementing agencies and the Secretariat for discussion by the Executive Committee at its Thirty-first Meeting.

Section B

Take note of the responses received from countries where data anomalies existed.

AGENDA ITEM 8: CONSOLIDATED DRAFT 2000 BUSINESS PLAN

29. The Secretariat introduced the consolidated draft business plan for the year 2000 (UNEP/OzL.Pro/ExCom/29/11), drawing attention to the following main issues: countries proposed to receive investment projects under the business plans, which had not yet ratified the London Amendment; the sectoral distribution of the business plans; the lower number of countries covered by the business plans; and how to adjust the business plans in light of the decision on replenishment by the meeting of the Contracting Parties.

30. During the discussion, several representatives noted that, for the next triennium, the structure of the business plans might need to be changed, particularly with regard to the division between investment and non-investment projects, giving more attention to a distribution among sectors, and distinguishing between production and consumption projects.

31. Several representatives expressed concern that there was a very large shortfall between the total number of Article 5 countries that now had to meet the phase-out requirements and the total of 36 countries (for investment projects) that were addressed in the consolidated draft business plans. The draft business plans in total fell far short of meeting the Executive Committee's mandated responsibility for disbursing money from the Fund with a view to assisting all Article 5 countries in complying with the Protocol, and bore little or no relationship to the Technology and Economic Assessment Panel analysis of resources required by Article 5 countries to ensure compliance. Several representatives considered that what was required was a global needs analysis, a strategic plan for ensuring global coverage, and an assignment of accountability to the four implementing agencies for sharing globally and comprehensively in addressing this responsibility. Share allocations should take into account the number of countries or the percentage of a population for which each agency was willing to assume responsibility, as well as a clearly defined action plan.

32. In the course of an exchange among several representatives, views were expressed on whether countries that had not yet ratified the London Amendment should be retained in the business plans, placed on the contingency list, or removed from the final business plans.

33. Following the debate, the Sub-Committee recommended that the Executive Committee:

- (a) Note with concern the limited coverage of countries in the consolidated draft business plan for the year 2000;
- (b) Note that those countries which have clearly stated their intention to ratify the London Amendment in the near future may be considered as eligible for inclusion in the business plans and, where no such indication of intent to ratify has been given, countries shall be transferred to the contingency list.
- (c) Decide that, if the Parties were to agree a level of replenishment lower than the current triennium (1997-1999), the Executive Committee should maintain the indicative figure approved by the Executive Committee at its Twenty-eighth Meeting for the year 2000 and change the allocation for the years 2001 and 2002. If the agreed level of replenishment is higher, then the resource allocation should be increased equally on a pro rata basis for each year of the triennium (2000 to 2002).

AGENDA ITEM 9: DRAFT BUSINESS PLANS FOR THE YEAR 2000

34. The representatives of UNDP, UNEP, UNIDO and the World Bank introduced the draft 2000 business plans of their agencies (UNEP/OzL.Pro/ExCom/26/12, UNEP/OzL.Pro/ExCom/26/13, UNEP/OzL.Pro/ExCom/26/14 and UNEP/OzL.Pro/ExCom/26/15, respectively).

(a) UNDP

35. The representative of UNDP presented its draft 2000 business plan, briefly describing the global refrigeration recycling project for LVCs and noting the proposal for technical assistance as an incentive for a project with net incremental savings. He drew attention to the policy issues to be addressed in 2000 with regard to the few requests for methyl bromide projects, the reduction of the UNDP activities in LVCs, due to the Executive Committee decision that policy measures be in place before national refrigeration recycling could be implemented, the question of priority for countries desiring early phase-out, and requests for consumption sector projects over and above the UNDP 2000 business plan target. He also noted the developments concerning administrative and financial matters, and the policy issues contained in the draft business plan. On the question of the cost-effectiveness threshold, he believed that the figure of US \$10.44 per kg would be reduced in the future revised version of the business plan.

36. Following the discussion, the Sub-Committee recommended that the Executive Committee decide that UNDP should finalize its business plan for the year 2000, taking into account the following:

- (a) The technical assistance project with net incremental savings should not be included;
- (b) Activities related to the halon sector should be increased;
- (c) The cost-effectiveness threshold from approvals in the non-weighted indicators for investment projects should be revised;
- (d) ODP phase-out targets as a performance indicator should be established at 13,646 ODP tonnes as calculated by the Secretariat in line with Decision 26/8;
- (e) UNDP had changed its project completion report target to 100 per cent;
- (f) UNDP should reassess its speed of delivery indicators.

(b) UNEP

37. A representative of UNEP introduced the draft business plan for the year 2000 of UNEP (UNEP/OzL.Pro/ExCom/29/13). He drew attention to the paradigm shift which was occurring in the types of assistance required by Article 5 countries to meet their commitments under the Montreal Protocol. There was a particular need for policy assistance to Governments to manage phase-out in different sectors. Awareness-raising in methyl bromide phase-out, a strategy for phase-out in the small- and medium-scale enterprise sector, and the provision of guidance on technology were also priorities.

38. During the discussion, the Sub-Committee considered the non-weighted performance indicators that UNEP was required to provide. There was also a discussion of the proposed inclusion of country programmes for Kuwait, Saudi Arabia, and United Arab Emirates in the business plans. The Ozone Secretariat recalled decision VI/5(e), adopted by the Contracting Parties at their Sixth Meeting and informed the Sub-Committee that Kuwait had been reclassified as an Article 5 country, following information that the original classification had been inaccurate and based on incomplete information. However, that was not the case with Saudi Arabia and the United Arab Emirates. After a discussion, the Sub-Committee recommended that the Executive Committee decide that UNEP should finalize its business plan for the year 2000, on the understanding that:

- (a) UNEP should provide targets for both its non-weighted performance indicators in its final business plan;
- (b) UNEP should remove Saudi Arabia and United Arab Emirates from its business plan;
- (c) The preparation of the country programme for Kuwait should, for the time being, be retained in the business plan. Nevertheless, the Secretariat should send a letter asking the country to seek other means of satisfying its needs, possibly through trust fund arrangements with UNIDO.

39. The Subcommittee also recommended that the Executive Committee request the Secretariat to send a letter to Saudi Arabia and the United Arab Emirates, countries originally classified as non-Article 5, reminding them of decision VI/5(e) adopted by the Contracting Parties at their Sixth Meeting.

(c) UNIDO

40. The representative of UNIDO introduced its draft business plan for the year 2000, noting that revised performance indicators had been provided to the Secretariat, and drawing attention to the fact that preparatory activities in the production sector would start in the year 2000, in addition to its activities in all other sectors.

41. The Sub-committee recommended that the Executive Committee decide that UNIDO should finalize its business plan for the year 2000, based on the draft business plan contained in document UNEP/OzL.Pro/ExCom/29/14 and the revised performance indicators as provided to the Secretariat.

(d) World Bank

42. The representative of the World Bank introduced its draft business plan for the year 2000 (UNEP/OzL.Pro/ExCom/29/15). With regard to a project for national phase-out in the Philippines, the Bank sought guidance on whether project preparation should be provided for this activity in advance of the completion of guidelines for the submission of national phase-out programmes. Concerning performance indicators, he believed they represented a complex issue that could be open to misunderstanding, and suggested that the Executive Committee and the implementing agencies should review their suitability and report to the Executive Committee at its Thirtieth Meeting. He also considered that, in light of the ongoing discussion on the issue, the implementing agencies should prepare a discussion paper on administrative fees. In addition, in light of the fact that 50 per cent of the World Bank's investment project share for 2000 was for production sector projects, the Bank sought guidance on the question of setting up a separate allocation for the production sector.

43. Several representatives were of the opinion that the question of a separate window for the production sector required a major review of the way in which the Fund was disbursed. The World Bank already had the largest share of the funding and its activities were focused on a limited number of countries. Any proposal to increase that share at the expense of the other implementing agencies required a thorough examination of the rationale behind multi-agency channelling of funds and their accessibility by the developing countries. A decision on the question was beyond the remit of the current meeting of the Sub-Committee. Some representatives believed that the question of a separate allocation deserved further consideration and could be examined within the context of the proposed review of the structure of the business plans, which could take place at the Thirty-first Meeting of the Executive Committee.

44. The Sub-Committee recommended that the Executive Committee decide that the World Bank should finalize its business plan for the year 2000, based on the draft business plan contained in document UNEP/OzL.Pro/ExCom/29/15.

AGENDA ITEM 10: PROPOSED BUDGET OF THE FUND SECRETARIAT FOR THE YEAR 2000

45. The Secretariat introduced the proposed budget of the Fund Secretariat for the year 2000 (UNEP/OzL.Pro/ExCom/29/16). After a number of clarifications had been obtained from the Secretariat and some discussion, the Sub-Committee recommended that the Executive Committee approve the proposed budget.

AGENDA ITEM 11: OTHER MATTERS

46. No other matters were raised for discussion at the meeting.

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

47. The Sub-Committee on Monitoring, Evaluation and Finance adopted its report on the basis of document UNEP/OzL.Pro/SCMEF/L.1 and Add.1.

AGENDA ITEM 13: CLOSURE OF THE MEETING

48. The Chairperson declared the meeting closed at 9.10 a.m. on Wednesday, 24 November 1999.

ANNEX

**SCHEDULES OF SUBMISSION OF BACKLOGGED PROJECT
COMPLETION REPORTS**

	Inv.	Non-Inv.	Total
31 December 1999	30 (foam)	0	30
15 January 2000	10 (foam)	6 (training)	16
31 March 2000	16 (foam)	14	30
30 June 2000	30	18	48
30 September 2000	35	15	50
31 December 2000	35	15	50
	156	68	224

UNEP PCR Completion Schedule

Type	Number	Deadline
Training	2	December 1999
Technical assistance	25	January 2000

CP plus ongoing activities (UNEP's recurring costs programme for clearing house and network) in accordance with the Executive Committee's decision.

World Bank PCR Completion Schedule

January.	4 Compressor (incl. MACs)
February	10 Foam (before 1999)
March	7 Foam (before 1999)
June	16 technical assistants 18 foam (1999)
July	3 solvents
August	1 halon
September	5 aerosols

UNIDO PCR Completion Schedule

Training: nothing due

Foam: 10 PCRs by end of February 2000
10 PCRs by end of March 2000

Recovery and recycling: 5 PCRs until mid-January 2000

Compressors: 2 PCRs by end of March 2000

Solvents: 3 PCRs by end of July 2000

Methyl-bromide demo projects: No projects yet completed

- - - - -