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EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-seventh Meeting
Montreal, 24-26 March 1999

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

Introduction

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 Montreal on 22 and 23 March 1999.

The meeting was opened by the Chairperson of the Sub-Committee, Ms. Ludgarde Coppens (Belgium), who welcomed the participants. The meeting was attended by the members of the Sub-Committee, the representatives of Bahamas, Belgium, Canada, China, Sweden and Uganda.

Representatives of Italy, Japan, the implementing agencies and Friends of the Earth also attended as observers.

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

1. The Sub-Committee adopted the following agenda:
 1. Adoption of the agenda and organization of work.
 2. Consolidated 1999 business plan of the Multilateral Fund.
 3. 1999 business plans for bilateral co-operation.
 4. 1999 business plans of UNDP, UNEP, UNIDO, and the World Bank.
 5. Project implementation delays.
 6. Institutional strengthening projects.
 7. Draft monitoring and evaluation work programme for 1999.
 8. Other matters.
 9. Adoption of the report of the Sub-Committee.
 10. Closure of the meeting.

AGENDA ITEM 2: CONSOLIDATED 1999 BUSINESS PLAN OF THE MULTILATERAL FUND

2. The Secretariat introduced the consolidated 1999 business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/27/5 and Corr.1), which covered the 1999 business plans submitted by the implementing agencies, as revised following discussion at the 26th meeting of the Executive Committee, and 1999 business plans for bilateral cooperation. At the request of the Sub-Committee, the Secretariat subsequently circulated a table showing the regional distribution of non-investment projects (UNEP/OzL.Pro/ExCom/27/5/Add.1). One delegation expressed its concern at the significant reduction in the allocation for the African region in 1999 compared to 1998.

3. After the Secretariat had clarified a number of points relating to the tables in the document, the Sub-Committee recommended that the Executive Committee:

- (a) take note of the consolidated business plan;
- (b) approve the following targets for ODS phase-out calculated by the Secretariat in accordance with Decision 26/8 (e):

UNDP	11,876 ODP tonnes
UNIDO	5,883 ODP tonnes
World Bank	15,542 ODP tonnes
Total	33,301 ODP tonnes

- (c) reaffirm the minimum disbursement target of 70 per cent of project funds approved up to the end of 1998 for investment projects;
- (d) set a target for all agencies of 100 per cent for submission of project completion reports, taking into account that the project completion report should be submitted six months after completion of the project.

AGENDA ITEM 3: 1999 BUSINESS PLANS FOR BILATERAL CO-OPERATION

4. The Sub-Committee considered the business plans for bilateral cooperation submitted by Belgium, Canada, Finland, France, Germany, Japan, New Zealand and Sweden (Annexes I to VIII to document UNEP/OzL.Pro/ExCom/27/6) and noted that Austria, Italy and Switzerland had indicated an interest in pursuing bilateral activities in 1999. After the Secretariat had confirmed that there was a marked upward trend in bilateral activities, the Sub-Committee was made aware by one of its members that the increase in the funds devoted to bilateral cooperation meant that there was a correspondingly lower amount available in the general pool for implementing agencies. It was remarked that many bilateral agencies had included in their business plans a brief summary of the activities to be undertaken. This was thought to be a useful feature which assisted in the presentation of these plans.

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

- (a) take note with appreciation of the business plans submitted by these countries;
- (b) request countries to submit their draft business plans for bilateral cooperation to the third meeting of the Executive Committee each year;
- (c) request the Secretariat to advise countries engaged in bilateral cooperation and implementing agencies on possible duplication of business plan activities;
- (d) include the subject of bilateral cooperation with regard to its impact on agencies' shares in the agenda of the next meeting of the Sub-Committee on Monitoring, Evaluation and Finance.
- (e) agree that, for the bilateral business plans to achieve their primary objectives, the beneficiary countries should be advised to avoid duplication by consulting with relevant agencies, including the ozone units.

AGENDA ITEM 4: 1999 BUSINESS PLANS OF UNDP, UNEP, UNIDO, AND THE WORLD BANK

6. The Sub-Committee noted the improvements that had been made in the preparation of all agencies' 1999 business plans

(a) UNDP

7. The representative of UNDP introduced UNDP's 1999 business plan (UNEP/OzL.Pro/ExCom/27/7 and Corr.1).

8. One member expressed concern about the continuing backlog of unsubmitted project completion reports, the lack of information for the non-weighted performance indicators for non-investment projects and the discrepancy between the ODS reduction target derived from UNDP's progress report and the one in their 1999 business plan.

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

- (a) endorse UNDP's 1999 business plan, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;
- (b) note that, at the Sub-Committee's meeting, UNDP had revised its investment project targets for ODP phase-out from 3,800 to 6,000 ODP tonnes and for disbursement from US\$36,160,000 to US\$40,160,000. It had also revised its non-investment project targets for appropriate and timely policies indicated by countries as a result of networking, training, information exchange, country programme development and/or institutional strengthening to four countries and for reduction in ODS consumption over and above that effected by investment projects to 20 ODP tonnes;
- (c) approve the performance indicators for UNDP presented in Tables 1 and 2 of the Fund Secretariat's comments in document UNEP/OzL.Pro/ExCom/27/7 and Corr.1 as amended in paragraph 3 above;
- (d) set a target of 2.7 per cent of 1999 investment project submissions for the cost of project preparation on the understanding that the issue of project preparation costs could be discussed at the next meeting of the Sub-Committee.

10. The representative of UNDP stated that UNDP might not be able to meet the targets set by the Sub-Committee.

(b) UNEP

11. The representative of UNEP introduced UNEP's 1999 business plan (UNEP/OzL.Pro/ExCom/27/8 and Corr.1). It was noted that UNEP should further its efforts to describe the targets for UNEP-specific non-investment performance indicators contained in its business plan.

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

- (a) endorse UNEP's 1999 business plan, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;
- (b) note that UNEP had been requested to revise its disbursement target to US\$5.3 million, including agency fees, and its number of projects to be completed to 72;
- (c) approve the performance indicators for UNEP set out in Tables 1 and 2 of the Fund Secretariat's comments in document UNEP/OzL.Pro/ExCom/27/8.

(c) UNIDO

13. The representative of UNIDO introduced UNIDO's 1999 business plan (UNEP/OzL.Pro/ExCom/27/9 and Corr.1).

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

- (a) endorse UNIDO's 1999 business plan, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;
- (b) approve the performance indicators for UNIDO set out in Tables 1 and 2 of the Fund Secretariat's comments in document UNEP/OzL.Pro/ExCom/27/9 and Corr.1, as amended in paragraph 3 above for the project completion report target, while noting that UNIDO's disbursement target exceeded 70 per cent of the approvals up to the end of 1998.

(d) World Bank

15. The representative of the World Bank introduced the Bank's 1999 business plan (UNEP/OzL.Pro/ExCom/27/10).

16. It was noted that the funding required for the production sector could have an impact on agency shares and that this subject should be discussed at the second meeting of the Sub-Committee in 1999

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

- (a) endorse the World Bank's 1999 business plan, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels;
- (b) note that the World Bank had revised its cost of project preparation from 4 per cent to 2.8 per cent of 1999 submissions;
- (c) approve the performance indicators for the World Bank set out in Tables 1 and 2 of the Fund Secretariat's comments in document UNEP/OzL.Pro/ExCom/27/10 as amended in paragraph 3 above.

18. During the discussion of the business plans it was remarked that there are an increasing number of investment projects planned in the methyl bromide sector. The Sub-Committee noted that the existing methyl bromide guidelines are scheduled to be reviewed in 1999.

AGENDA ITEM 5: PROJECT IMPLEMENTATION DELAYS

19. The Sub-Committee had before it the documents prepared by the Secretariat (UNEP/OzL.Pro/ExCom/27/11 and Corr.1).

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

- (a) cancel the Brosol project in Brazil (UNIDO), with the balance being returned to the Multilateral Fund;
- (b) take note of the cancellation by the World Bank of the Shanghai Shuanglu Electrical Appliance Co. project in China (CPR/FOA/20/INV/174), with the balance being returned to the Multilateral Fund;
- (c) authorize UNEP to proceed with the following project after UNDP and UNIDO had submitted project completion reports to be used as feedback within the next month and immediately after the meeting respectively:
 - Guidelines for the establishment of R & R systems and related legislation for low volume ODS consuming countries (GLO/REF/19/TAS/96);
- (d) decide what action should be taken with regard to unimplemented parts of the following project to be implemented by UNEP:
 - Prepare an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase-out of ODS (GLO/SEV/19/TAS/106);
- (e) authorize UNEP to proceed with implementing the following project:

- Training modules on management of ODS phase-out in SMEs (GLO/SEV/19/TRA/112);
- (f) note that the following projects had been completed:
- Design standards: cold storage in China (CPR/REF/10/TAS/039) approved in June 1993 at a value of US \$200,000 (UNDP);
 - Cleaning equipment manufacturing project (CPR/SOL/12/INV/65) (UNDP);
 - Video on methyl bromide alternatives (GLO/FUM/19/TAS/93) approved in May 1996 at a value of US \$70,000 (UNEP);
 - Halon management casebook (GLO/HAL/12/TAS/56) approved in March 1994 at a value of US \$40,000 (UNEP);
 - Information papers and fact sheets for evaluation of technical options to replace ODS (GLO/SEV/12/TAS/53) in March 1994 at a value of US \$60,000 (UNEP);
 - Substitution of CFC-11 by HCFC-141b in the manufacture of polyurethane foams at M. Agostini S.A. (BRA/FAO/18/INV/33) approved in November 1995 at a value of US \$85,217 (World Bank);
- (g) note that the problems relating to the following projects had been resolved and that the projects would now go ahead:
- Institutional strengthening project in Uganda (UGA/SEV/13/INS/02) (UNEP);
 - Institutional strengthening project in Zambia (ZAM/SEV/09/INS/02).
 - Kenya Cold Storage project (KEN/REF/11/INV/06) (UNIDO);
- (h) note that there were still outstanding problems relating to the following projects to be implemented by the World Bank and that the Bank would provide the next session of the Sub-Committee with a status report:
- Domestic refrigeration project in Argentina Adzen S.A. (ARG/REF/18/INV/43);
 - Mclean refrigeration project in Argentina (ARG/REF/15/INV/21);
 - Substitution of CFC-11 by HCFC-141b in the manufacture of polyurethane foams at Randon Implementos S.A in Brazil (BRA/FOA/18/INV/31);
 - Domestic refrigeration projects in Argentina Piragua S.A. and Piragua San Luis (ARG/REF/18/INV/36);
 - Domestic Appliance Ltd. project in Pakistan (PAK/REF/19/INV/11);

- Elimination of the use of CFC-11 as a blowing agent in rigid polyurethane foams used as insulation for refrigerators and substitution of CFC-12 used as refrigerant at Indurnor S.A (World Bank).

For the above projects on which no progress was reported, in accordance with Criterion 1 in Decision 26/2 (UNEP/OzL.Pro.ExCom/26/70), the Secretariat would, on behalf of the Committee, issue a notice of possible cancellation of the project to the implementing agency concerned. The Sub-Committee requested that at future meetings the Secretariat report on the letters it had sent to governments and agencies on potential projects cancellations.

- (i) note that there were still outstanding problems relating to the following project to be implemented by the World Bank and that the Bank would report to the next meeting of the Sub-Committee:

- CFC recovery and recycling in Brazil (World Bank);

- (j) note that, for the following project, UNEP would send a mission from neighbouring countries to Maldives with a view to drafting an action plan:

- Institutional strengthening project in Maldives (MLD/SEV/12/INS/02);

- (k) note that the following projects had already been cancelled by mutual agreement between the government and the concerned implementing agency:

- Tianjin Picture Tube Cleaning (CPR/SOL/19/INV/170) (UNDP);
- Domestic refrigeration projects in Argentina: Fribe la Rioja (ARG/REF/15/INV/18) (World Bank);
- Domestic refrigeration projects in Argentina: Fribe, S.A. (ARG/REF/15/INV/20) (World Bank);
- Markindo Theco in Indonesia (IDS/SOL/18/INV/40) (World Bank)
- Stainless Steel Co. in Thailand (THA/REF/19/INV/52) (World Bank).

AGENDA ITEM 6: INSTITUTIONAL STRENGTHENING PROJECTS

21. The Sub-Committee expressed its concern at the implementation delays encountered by a large number of institutional strengthening projects and discussed the need to identify any systemic barriers to their implementation.

22. It was noted by one member that the function of national ozone units was changing and in many countries they were now called upon to play additional roles such as monitoring, policy

development and public awareness, as well as carrying out the traditional activities of project management and reporting .

23. It was noted that some analysis of the content of the agreements between the implementing agencies and Article 5 countries concerning institutional strengthening projects, and the written comments of members of the Executive Committee, would be useful in addressing these issues. The Secretariat pointed out that the agreements might be confidential and that the Secretariat was bound to respect the internal operating procedures of the implementing agencies.

24. Accordingly, the Sub-Committee recommended that the Executive Committee:

- (a) request the Secretariat to invite members of the Executive Committee to provide their views on the effectiveness of existing institutional strengthening arrangements and the functioning of ozone units to the Secretariat before 1 May 1999;
- (b) request the Secretariat, in cooperation with the implementing agencies, to prepare a document for the next meeting of the Sub-Committee which summarizes the main features of implementing agencies' existing agreements for institutional strengthening.

AGENDA ITEM 7: DRAFT EVALUATION WORK PROGRAMME FOR 1999

25. The Senior Evaluation Officer presented the draft work programme on monitoring and evaluation for the year 1999 (UNEP/OzL.Pro/ExCom/27/12), submitted in compliance with Decision 26/10.

26. In the discussion on the draft work programme, members emphasized that monitoring and evaluation should show the effectiveness of the decisions of the Executive Committee in meeting the requirements of the Montreal Protocol. It was suggested that it should allow a complete view of activities in a given sector and at the national/regional level. It should assist the Executive Committee to take effective decisions which would assist Article 5 countries in meeting their obligations. Evaluation should help determine whether investment and non-investment projects were sufficient and in the right areas and should provide information on whether Executive Committee approved projects were in conformity with the requirements of country programmes and the broad objectives of the Montreal Protocol. In response to queries, the Senior Evaluation Officer stressed that project completion reports, particularly those that highlighted problems, were a valuable tool for the planned desk studies. He also explained that the outline and demonstration version of the Internet interface for databases to be prepared during 1999 should greatly assist the preparation of evaluations and other work of the Secretariat.

27. The Sub-Committee recommended that the Executive Committee:
- (a) approve the draft evaluation work programme for 1999;
 - (b) request the Secretariat to submit a draft evaluation work programme for 2000 for consideration at the third meeting of the Executive Committee in 1999.

AGENDA ITEM 8: OTHER MATTERS

28. There was no discussion under this agenda item.

AGENDA ITEM 9: ADOPTION OF THE REPORT OF THE SUB-COMMITTEE

29. The Sub-Committee adopted the present report on the basis of the draft report contained in UNEP/OzL.Pro/ExCom/27/SCMEF/L.1.and Add.1

AGENDA ITEM 10: CLOSURE OF THE MEETING

30. The Chairperson declared the meeting closed at 7:00 p.m. on Tuesday, 23 March 1999.



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**REPORT OF THE SEVENTH MEETING OF THE SUB-COMMITTEE ON
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Corrigendum

In the 7th line of paragraph 26 after the words “right areas”, insert the following:

“should provide an understanding of the synergy between investment and non-investment projects,”